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Moscow Gives Orlov 7 Years At Hard Labor

MOSCOW, May 18 (AP)—Soviet dissident Yuri Orlov was sentenced today to a 12-year term of hard labor and exile.

Outside the courthouse, Andrei Sakharov, the most prominent Russian dissident and winner of the Nobel Peace Prize, was arrested with his wife and held for five hours after they struck police officers.

Mr. Orlov got the maximum sentence—seven years in labor camp and five years of internal exile (banishment from Moscow)—on a charge of anti-Soviet agitation and propaganda. The charges were based on documents that he wrote and distributed to Western correspondents and embassies.

Mr. Orlov's wife, Irina, said that when the verdict was read in the Moscow court, the crowd of officially selected courtroom spectators broke into loud applause, and that some of them shouted, "You should have given him more!"

She said that her husband remained calm throughout, and that Dmitri Orlov, 25, his son by a previous marriage, shouted to him, "Father, you've won the case."

When Dmitri refused to stand for the reading of the verdict, he was dragged from the courtroom, she said.

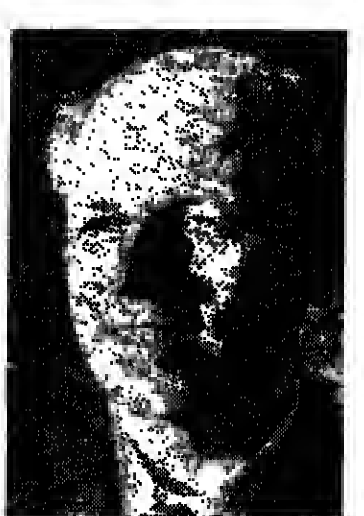
Mr. Orlov, 53, who has been held incommunicado since his arrest 15 months ago, was then hustled into a van as about 100 supporters outside chanted his name. As the van drove off, Mr. Orlov raised his hand to acknowledge the cheers of support.

Mr. Sakharov, 56, leader of the Soviet dissident movement, had appeared outside the court and demanded that police allow him and his wife, Yelena, to enter. They had been barred from the building during the first three days of the trial.

The tall, balding Mr. Sakharov



Yuri Orlov



Andrei Sakharov

Tass today described a British Foreign Office statement expressing anxiety about the Orlov trial as an attempt to interfere in Soviet internal affairs. It did not mention a similar statement from the U.S. State Department.

U.S. Congress Appeals

WASHINGTON, May 18 (AP)—The U.S. House of Representatives today passed a resolution asking the Soviet Union to free Mr. Orlov. The vote was 399 to nothing. The resolution now goes to the Senate for expected quick approval.

2,000 Believed Trapped by Fighting Belgian, French Troops Are Sent To Rescue Foreigners in Zaire

By Joseph Fitchett

PARIS, May 18 (IHT)—Belgian and French paratroops were sent to Zaire today in a West European airborne operation to rescue foreigners trapped in the Shaba province fighting.

It was the first military evacuation of Europeans from a hostile situation in Africa since a similar mission in 1964 in Zaire, a former Belgian colony.

About 2,000 Europeans—mostly Belgians, plus several hundred French—and a sprinkling of Americans and other foreigners were trapped in Kolwezi, the main mining town in the province.

Street fighting there was "mainly directed against the whites," according to Belgian Premier Leo Tindemans.

More U.S. Aid

[In Washington, President Carter today authorized an additional \$17.5 million in arms sales credits and a grant of \$2.5 million for military training to help the Zaire government.]

"Such assistance should be furnished to Zaire in the national security interests of the United States," Mr. Carter said in a memo to Secretary of State Cyrus Vance.

[The grant was made under the 1961 Foreign Assistance Act, and \$17.5 million in credits under the Arms Export Control Act. Congressional approval is not necessary.]

The rescue mission would be strictly a humanitarian operation, supported by Britain and the United States, French officials here said.

Belgian officials said that at least 10 Belgians had been killed since Kolwezi fell to Katangese rebels who infiltrated from Angolan bases nearly a week ago. Citing diplomats in Zaire, other reports said that Europeans were being hunted by the rebels and that food and other supplies might be running out.

Seventy-eight Americans in the battle area were evacuated earlier



A Belgian Air Force C-130 takes off from Belgium with paratroops on a rescue mission to Zaire.

yesterday in an operation organized by the Morrison-Knudsen Co., a construction firm, for its employees. Ten Americans were reportedly still in the area.

The first wave of the rescue force—1,800 Belgian paratroops and two companies of French Foreign Legion paratroops—left in chartered airliners, followed by slower C-130 Hercules turboprop transports.

The vanguard of the joint Western airborne operation could complete the 5,000-mile flight by early tomorrow, Paris radio stations said.

In an unconfirmed report, Zaire radio said that government troops earlier had recaptured Kolwezi airport. Zairian paratroops, trained

by Israel and lately by France, were dropped on the area two days ago.

Plans for the airborne rescue operation were coordinated in top-level contracts early today and in a secret meeting of representatives of Belgium, France, Britain, the United States and several African countries, Belgian officials said.

Mr. Tindemans said that the situation had become grave for Europeans, and French Prime Minister Raymond Barre said that France would take the necessary steps to protect its citizens in Shaba. A French spokesman said the "strategic decision" to launch the rescue was taken at an emergency Cabinet meeting.

Britain indicated that it would provide medical aid in the evacuation—a more active role than envisaged in earlier statements.

Reports on the Kolwezi fighting were contradictory about the situation in Shaba, formerly Katanga, which was invaded last weekend by rebel local tribesmen trained in neighboring Angola.

In Kinshasa, the capital of Zaire, reports said the rebels had broken out of Shaba and were moving on Kamina—the evacuation's staging area. However, other reports said the rebels were apparently returning to their bases in Angola.

Communications with Kolwezi were cut yesterday, apparently when President Mobutu left Kinshasa to take charge of the counteroffensive in Shaba.

A French diplomat in Kinshasa reported that the rebels went on a rampage of "looting and savagery against expatriates without distinction of nationality, sex or occupation."

A Defeat for the Vatican

ROME, May 18 (Reuters)—The Italian Parliament today passed a bill making abortion virtually free on demand, ending years of heated political debate between the ruling Christian Democrats and the left.

The Senate voted 160 to 148 to make the bill law and defeat the Vatican-backed Christian Democratic Party.

The bill was approved last month by a vote of 508 to 275 in the Chamber of Deputies despite a fierce campaign by the Vatican which called it "as grave an offense as homicide."

Solar Tests Set By U.S., Russia

WALLOPS ISLAND, Va., May 18 (UPI)—Soviet and U.S. scientists today began an experiment on the coast of Virginia early next month to determine the effects of solar flares on the earth's weather patterns.

The NASA and Soviet scientists, who worked together on similar experiments last year, plan to use larger rockets this summer.

Two days ago, Mr. Andreotti won an overwhelming vote of confidence in the Chamber of Deputies and is expected to remain in power until the end of the year.

Solution for Americans Abroad Promised This Summer

House to Ask Senate to Accept Foreign Tax

by Robert Siner

WASHINGTON, May 18 (IHT)—House conferees will urge their Senate colleagues to accept a one-year deferral of the provisions on foreign income in the 1976 Tax Reform Act and promise that the Ways and Means Committee will work up a permanent solution in the House.

Members of the Ways and Means Committee agreed by voice vote today, that during the upcoming Congressional conference, they would try to strip from a Senate bill language which would completely revise taxation of Americans overseas. These provisions, sponsored

by Sen. Abraham Ribicoff, D-Conn., would replace the current income exclusion with special deductions for housing, education and cost of living.

In return for Senate agreement to removal of Sen. Ribicoff's provisions, House conferees would promise to hold hearings as soon as possible on a permanent solution to the question, with the aim of bringing it to the House floor sometime soon after June 15. This action, if successful, would defer the provisions of the 1976 act for income earned last year and replace them entirely with a new measure for income earned this year and thereafter.

The House, late last year, passed a one-year deferral of the Tax Reform Act provisions. This bill was amended by the Senate Finance Committee to include Sen. Ribicoff's language and the amended measure was passed by the Senate last Thursday. It must now go to conference with members of the Ways and Means panel.

The sentiments of most committee members were voiced by Rep. Barber Conable, R-N.Y., before the vote on the resolution, who said "I would love to get rid of this issue." However, he added that he had "certain reservations" about the proposals.

Rep. Bill Archer, R-Texas, remarked that we are "killing the goose that laid the golden egg for this country, while we're posturing about equity."

Committee Chairman, Al Ullman, D-Ore., said that he thought he could convince the Senate conferees to accept the one-year deferral, and told panel members that the resolution to that effect would "reinforce my hand in the conference."

Speedy Action Sought

Rep. Ullman will probably meet with the chairman of the Senate Finance Committee, Russell Long, D-La., soon to present the House position and to determine procedure. They could set a date for a full conference on the Ways and Means Committee proposal could be sent to the House and then to the Senate for speedy action.

However, whether the Senate will accept the House proposal is an open question. Last week, many senators expressed their firm commitment to Sen. Ribicoff's provisions and voiced doubts about the possibility of accepting yet another deferral without accompanying overall reform. Whether a compromise by the Ways and Means Committee to get moving on revision of the taxation of Americans abroad would silence these doubts, is, at the least, problematic.

In any case, stripping the bill of Sen. Ribicoff proposals will virtually kill any chance that the delay could be enacted before U.S. citizens abroad have to file their tax returns. These must be in the United States by June 15, which, since the Internal Revenue Service does not recognize foreign postmarks as valid proof of filing before the deadline, means that they must be mailed days and even weeks in advance.

The problem, as it has been so often in the past, is one of timing. The Senate is now engaged in a debate over labor law reform that is expected to last up to five weeks. During that time, the Senate will only take up other matters if they will generate no extended debate. Strong opposition by even one senator is almost certain to lead to deferral of the issue.

A simple extension of the pre-1976 foreign tax provisions is not likely to fall into this category. Sen. William Proxmire, D-Wis., has served notice that he will fight the issue and has filed five amendments in case the occasion arises.

These amendments call for extending the income exclusions to Americans in the United States who promote foreign exports, businesses that create jobs and miners and others who work at hard labor. In addition, he has some 49 other amendments to the bill waiting for introduction.

Faced with this type of opposition, Senate leaders are unlikely to schedule any sort of vote on a simple one-year delay until after labor law reform is disposed of, sometime around mid-June.

Some U.S. Officials Favor Arms Sales to Chinese

By Bernard Gwertzman

WASHINGTON, May 18 (NYT)—The Carter administration has decided against providing China with any American military equipment, but some high officials are now inclined to favor the sale of certain defensive weapons systems to China by Western European countries.

The question of possible Western military sales to China as anti-tank missiles and quick-take-off fighter planes, was described in recent interviews as one of the most sensitive facing NATO.

In interviews with administration officials on the eve of Zbigniew Brzezinski's trip to China—left Washington today and is to arrive in Peking Saturday—there seemed to be a consensus evolving that if France and Britain, in particular, sought permission within the alliance to sell defensive equipment, the United States would probably not try to block them.

France has held discussions with China on the sale of an anti-tank missile known by its initials, HOT. Britain, which three years ago sold China Rolls-Royce jet engines for use in fighter planes, has been discussing the sale of the Hawker Harrier vertical-takeoff plane.

NATO Committee

Theoretically, before such sales could be completed, they should be approved by NATO's special coordinating committee, which meets in Paris to advise member countries against selling military equipment or military-related technology to Communist countries.

But exceptions can be made, and member countries are not necessarily bound by the committee's rulings. A senior Carter administration official said that although the White House early in the administration decided that the United States would not sell military equipment to China, it has no firm

Cambodia-Vietnam Clashes Reported Intensifying

By Henry Kamm

BANGKOK, May 18 (NYT)—Widespread and heavy fighting has once more broken out along a broad front on the Vietnamese-Cambodian border, according to well-informed Western sources.

Both sides have stepped up the pace of their attacks, and both have introduced more powerful weapons and equipment.

Fighting along the first large-scale Cambodian push into Vietnam a year ago, but it had simmered down, in the last two months, to skirmishes between small groups.

At the beginning of this month, however, Cambodian forces for the first time put tanks and other tracked, armored vehicles into the fight—from northern Tay Ninh province northwest of Saigon to the battle-scarred, almost-deserted Vietnamese border town of Ha Tien on the Gulf of Siam.

New Shipments

Western sources believe that the tanks and other armor arrived from China late in January at the Cambodian port of Kompong Som, formerly Sihanoukville. In addition to the armor, long-range 122mm and 130mm guns, also thought to have arrived then, are now firing into Vietnam across the Cambodian border.

The stepped-up Cambodian incursions have now been countered by a strong and coordinated Vietnamese offensive supported by heavy tactical air support, which got under way Sunday and is continuing. For the first time, Vietnam has brought into action a number of captured U.S. F-5 fighter-bombers, its most modern plane.

The Western sources reported that Vietnam has used the comparative lull of the last two months

New Weapons Introduced

Fighting is reported to be heavy around the two major Vietnamese-occupied enclaves on Cambodian soil: in the "Parrot's Beak" region of Svay Rieng province and in the Mimot rubber plantation area in Kompong Cham province. To the north, heavy clashes were also reported in areas of Vietnam under Cambodian control—northern Tay Ninh and Kontum provinces.

Narita Airport Opening Still Uncertain

Extremists Threaten Offensive To Keep Planes From Landing

By William Chapman

TOKYO, May 18 (UPI)—Tokyo's new international airport may or may not open Saturday as scheduled, but the anxiety of waiting to see is a source of many headaches in the airline and travel businesses here.

With leftist extremists and farmers threatening a last-ditch offensive to keep the airport closed, the airlines are besieged with calls from worried passengers who are booked on the first flights in and out of Narita Airport. Some are canceling out or switching to flights that leave from the international airport at Osaka.

The airlines are trying to reassure them that all is well and that planes can fly safely to and from the new facility 40 miles from Tokyo, but they are doing so with fingers crossed.

"Until it starts operating, we can't really tell what is going to happen," acknowledged an official of a foreign airline.

The airport's opponents, who have fought for 12 years to keep it closed, are doing all they can to escalate the war of nerves.

Isaaka Tomura, chairman of the Airport Opposition League, issued a declaration saying that the airport at Narita is "too dangerous to use" and blaming the government of Premier Takeo Fukuda for risking the lives of foreign travelers.

"For the government to push ahead at this stage is to court tragedy," Mr. Tomura said. He suggested that the police guns, not his own group's threats of violence were the major source of danger.

Yesterday, another opposition leader, Hajime Atsuta, added a new note certain to frighten prospective passengers. He said that seven years ago his followers had dug a 65-foot-long underground tunnel beneath the site where the airport's only runway is now located.

The tunnel is still there, 22 feet underground, and is likely to cause accidents as the runway gradually sinks under the weight of planes, he said.

Airport officials disputed Mr. Atsuta's claim, saying that they had filled tunnels with concrete and pillars, but they promised to check again, anyway.

All week long, authorities have been watching two structures near the airport which in the past have been used by protesters to stage violent assaults. They have not seized them, hoping that a truce can be negotiated before Saturday's official opening. The extremists and farmers have refused, so far, to call off their threatened disruption and have scheduled a mass rally outside the airport Saturday morning.

Meanwhile, passengers, agents and airlines wait in dismay and anxiety as newspaper headlines hint at possible disasters to come this weekend.

Toshio Tominaga, spokesman for Japan Asia Airways, said that 10 to 15 passengers call each day asking to have their bookings switched from flights leaving Narita to those departing from Osaka.

When the airline announced March 17 that it would use Narita's facilities, 30 percent of booked passengers canceled immediately, he said. When the airport failed to open because of destruction to a control tower on March 26, most of those who had canceled rebooked since it meant that they could still leave safely from Haneda, the present airport.

Many passengers who had booked flights in June switched to early May departures to beat the Narita opening, said a spokesman for the nation's largest travel agency, the Japan Travel Bureau. And many scheduled to leave in the next few weeks are asking to fly out of Osaka, he said.

The government has canceled plans for an opening day ceremony which was to have included a speech by Premier Fukuda. Instead, only a small gathering will be held and Mr. Fukuda will not appear, apparently for security reasons.

The first landing, by a cargo plane, will come at 6:10 a.m. Sunday and about five hours later a Japan Air Lines plane will bring in the first passengers, if all goes well.



A police helicopter inspects one of the two fortresses still controlled by anti-airport extremists near the Narita facility.

Election Foes Hint Fraud; Dominicans Restart Count

SANTO DOMINGO, Dominican Republic, May 18 (UPI)—Vote-counting in the presidential election resumed today after an interruption by the armed forces, but an opposition spokesman said that it appears there has been fraud.

Dr. Emilio Ludovino Fernandez, secretary for international relations of the Dominican Revolutionary Party, said that troops at electoral commission precinct tabulation points throughout the country were not allowing the party's delegates to observe the counting, as required by law.

"Our delegates are not present because they have been kicked out by the military," he said. "The commission invites us back in, but the armed forces throw us out. I sense a trick. I have a great mistrust. It appears that there is an intention to falsify the results."

When troops seized the National Electoral Commission headquarters at dawn yesterday and halted the vote-counting, the Revolutionary Party's liberal candidate, Antonio Guzman, 67, was running well ahead of conservative President Joaquin Balaguer, 70, a favorite of the military.

Banks did not open today in an apparent reflection of fears of street violence despite the electoral commission announcement last

night that it would resume the official counting.

The counting resumed about 8:30 a.m. today. On a wall-sized blackboard were the official tabulations up to the time of the military action, with one-quarter of the precincts tabulated. They showed Mr. Guzman with 353,542 votes to 262,471 for Mr. Balaguer.

The Revolutionary Party's count gave Mr. Guzman 1.3 million votes to 475,000 for Mr. Balaguer.

Joaquin Manuel Castillo, the commission president, said that "without a doubt the interruption damaged the electoral process but it will not effect the validity of the final results. These will not be known today or tomorrow. It may be two weeks."

The resumption, promised by the government under U.S. prodding, came as heavily armed soldiers in camouflage uniforms patrolled the streets here.

Meanwhile, Mr. Guzman emerged from hiding yesterday and declared himself president-elect during a news conference.

The rancher and former agriculture minister appealed to President Carter to extend his human-rights campaign to the Dominican Republic and insist that the government respect the vote of people.

U.S. Ambassador Robert Yost

spent the morning in his diplomatic car outside Mr. Balaguer's private residence seeking a meeting with the president, who has ruled the island since a 1965 civil war in which U.S. marines intervened.

A U.S. Embassy spokesman said contacts had been made "at the highest level" with Mr. Balaguer and the military leaders, urging them to respect the results of the election.

Pressure reportedly was brought also by the Organization of American States through three representatives in Santo Domingo — former Presidents Galo Plaza of Ecuador, Julio Cesar Mendez Montenegro of Guatemala, and Misael Pastrana Borrero of Colombia.

U.S. Is 'Disturbed'

WASHINGTON, May 18 (UPI)—The United States has notified the Dominican Republic armed forces that its intervention in the presidential elections was "disturbing."

The State Department urged President Balaguer to keep his personal promise to President Carter to hold free elections and respect their outcome.

In a statement read to reporters, department spokesman Hoddin Carter 3d said, "I would like to note that President Balaguer assured President Carter that there would be free elections in the Dominican Republic and that the results of the election would be respected."

It was not clear when or how Mr. Balaguer made that assurance to Mr. Carter.

PLO in Lebanon Behind UN Line Refuse to Leave

BEIRUT, May 18 (UPI)—Palestinian guerrillas trapped behind United Nations peacekeeping lines in southeast Lebanon today refused their positions and refused orders to leave.

Residents said that 18 guerrillas fortified a hill position near the border village of Rashaya al Foukhar while their leaders negotiated with Norwegian officers of the UN forces in charge of the area.

Sources close to the talks said that the Palestinians insisted that their presence was legitimate under the terms of the 1969 Cairo agreement between Lebanon and the Palestine Liberation Organization.

UN officials are negotiating with PLO officials to arrange the peaceful withdrawal of guerrillas from several areas under UN control.

Police in Italy Raid 2 Hideouts Of Red Brigades

ROME, May 18 (UPI)—Police raided two hideouts of the Red Brigades urban guerrillas today and announced the arrests of 11 persons suspected of complicity in the kidnapping and murder of former Premier Aldo Moro.

Police chief Emanuele de Francesco described the 10 arrests in Rome and in a northern city of Turin as "the tip of the iceberg," and predicted more arrests would soon follow.

The first Red Brigades hideout raided was a suburban Rome printing and photocopying shop that police said may have been used to prepare the gang's communications to the government during Moro's 55-day captivity.

The second hideout was in the home of one of the suspects arrested at the print shop.

The apparent breakthrough in the case came nine days after the Red Brigades left Moro's body in the back of a car parked midway between the Communist and Christian Democratic party headquarters in central Rome.

Dayan Leaves Denmark

COPENHAGEN, May 18 (AP)—Israeli Foreign Minister Moshe Dayan wound up a Scandinavian tour here today saying that he is not going home a disappointed man, but found that failure by Scandinavian governments in understanding Israel's present position was largely due to lack of information.



A Dominican soldier guards a ballot box as it is taken to election headquarters for counting.

Purged in 1957

China Reportedly Pardons Thousands

TOKYO, May 18 (UPI)—Chinese authorities have granted amnesty in about 100,000 persons purged for criticizing the Communist government during a brief experiment in free speech in 1956-57, Japan's Kyodo news agency reported today.

Historians believe about 400,000 persons were driven from public life in China during the episode early in the rule of the late Chinese Communist Party Chairman Mao Tse-tung.

Kyodo said in a dispatch from Peking that its information on the amnesty came from sources close to the Chinese authorities.

"These sources say the decision by the Chinese Communist Party is

a kind of pardon, taking into account the long period of the purge, covering more than 20 years," Kyodo said.

The experiment in free speech began in 1956 after the late Soviet Premier Nikita Khrushchev criticized the repression that had taken place in the Soviet Union during the Stalin era.

In China the free-speech period was known as the "Hundred Flowers Campaign," based on a remark attributed to Mao: "Let a hundred flowers of criticism bloom, let a hundred schools of thought contend."

The outburst that resulted shocked Mao and other Communist leaders. Instead of merely criticizing the inefficiencies of Mao's government, the critics attacked the Communist structure itself. Some called for a multi-party system, others for a European-style parliamentary system.

New Campaign

The lid was clamped back on in 1957 when Peoples Daily, the newspaper of the Chinese Communist Party, launched a campaign against "right-wing elements."

Among those purged was Chang Po-chun, a member of a group of non-Communist parties called the China Democratic League. He was fired from his position as minister of communications, but retained a lesser political role.

Thousands of others were ordered not to take part in politics or in publish. About 16,000 were rehabilitated in 1961 after submitting essays of self-criticism to the government and the party.

The reported amnesty is believed the result of the desire of the new government of Premier Hua Guofeng to get the cooperation of intellectuals and scientists in moving the country toward economic modernization.

Indochina Clashes

(Continued from Page 1) to replace a number of its regular forces facing the Cambodian troops with paramilitary units and "guerrillas." Analysts here conjecture that these troops include significant numbers of Cambodians or ethnic Cambodians born in Vietnam.

Cambodian 'Refugees'

Diplomats and journalists who have been shown through border regions by Vietnamese officials have found camps of Cambodians, ostensibly prisoners of war from Vietnam's major push incursion into Cambodia at the end of last year or "refugees" who said they were taken to Vietnam by the invading troops.

Conversations with local officials and camp inmates gave the impression that the Cambodians were being politically schooled for eventual return to Cambodia. The Cambodians appeared to lead themselves readily to such schooling, the visitors reported, a fact reflective of the harshness of the regime of Cambodia's Premier Pol Pot.

The Vietnamese objective is presumed to be infiltration into Cambodia of Cambodians who are opposed to Pol Pot and pro-Vietnam, and who would seek to destabilize the Phnom Penh regime and bring about its eventual replacement by leaders less hostile to Hanoi. Earlier this year, Cambodia hinted that such an effort was taking place when it complained that the Vietnamese invaders were installing "puppet" local authorities.

Cambodia's close links with China are believed to restrain possible Vietnamese incursions to solve their Cambodian problem by an all-out military campaign. Vietnam is obliged instead to resort to a combination of military and political means to achieve what visitors to Hanoi believe to be its priority objective: the removal of the Pol Pot government.

Strain Showing

The strain in Chinese-Vietnamese relations, which was kept well below the surface until China made public recently the fact that great numbers of Chinese residents were fleeing from Vietnam to China, is becoming more open in conversations Westerners have recently had with officials in Hanoi. At least one Western analyst said here that relations between the neighbors separated by centuries of hostility were approaching the point of no return.

Security Needs Cited

Israelis May Expand 6 West Bank Settlements

TEL AVIV, Israel, May 18 (UPI)—The Israeli Defense Ministry has recommended the expansion of six Israeli settlements on the occupied West Bank of the Jordan River to lure homesteaders and create better security, government officials said today.

The officials said the proposal calls for the establishment of 38,000 dwelling units in an area where about 2,500 persons now live.

The U.S. State Department has called Israeli settlements in occupied territories illegal and an obstacle to peace.

Defense Minister Ezer Weizman's ministry made the recommendation to the Cabinet committee on settlements, headed by Agriculture Minister Ariel Sharon. The officials said there was no timetable in the proposal.

'Only A Proposal'

"It is only a proposal, and nothing can be done until the government takes a decision," one official said. "This is not a plan to create new settlements, but the Defense Ministry has in mind a plan to make the existing ones bigger and bigger."

There are 41 settlements spread over the West Bank beginning at

the Jordan River, Israel's first line of defense from attack from the east.

The six settlements earmarked for expansion by the proposal are situated east and south of the Jerusalem area and along the Jerusalem-Nablus road.

Command of the road controls access from the east, and it is regarded as Israel's second line of defense.

The six settlements are the Gush Etzion bloc, Ma'ale Adumim, Givon, Nevei Salah, Tinnat Haras and Kariel Shomron. Gush Etzion is the largest — about 1,000 persons living in a bloc of half a dozen kibbutzim, or communal settlements.

'Focus Future Efforts'

"The idea behind the Defense Ministry's plan is that the plan, in long-range terms, would focus future efforts on these six points in terms of manpower and drawing ability of population instead of diffusing it on many small settlements," the official said.

A report in an Israeli newspaper, quoting sources close to Mr. Sharon, said, "This grasp of the situation is apparently mutually held by both the Defense Ministry and the Agricultural Ministry."

Black Rhodesians Deny Official View of Shooting

By Michael T. Kaufman

SALISBURY, May 18 (NYT)—Accounts by whites sharply disputed Tuesday's official Rhodesian communiqué reporting that 50 civilians had been killed in a cross-fire on Sunday between security forces and guerrillas biding a political meeting.

The witnesses, blacks who said that they attended the meeting, declared there had been only one armed guerrilla at the gathering, that there had been no firing by anyone other than the government troops and that 94 rather than 50 civilians had been killed.

The sources said that the meeting had been held on farmland near the Dwarwa River not far from a rural outpost called Basera Store. There were about 200 persons at the meeting, most of them reportedly youths between 12 and 15 years of age. They were described as supporters and sympathizers of Robert Mugabe, co-leader of the Patriotic Front, a guerrilla faction. The meeting, according to the witnesses, was devoted largely to attacks upon the internal settlement in which three black political groups have joined with white politicians to form an interim coalition.

Began at Midnight

The sources said that the firing began at midnight and appeared to come from all around the group.

A witness said that the sole guerrilla who was leading the meeting was killed before he could return the fire. He insisted that there were no other guerrillas there and that only government forces were shooting. He said that the firing lasted five minutes. The sources said that grenades were thrown at the civilian group while machine-gun fire continued in sustained bursts.

"There was heavy firing, grenades, the whole place was in fire and kids scattered into the forest," said another witness.

He added that yesterday, three days later, "the situation is grim

and people are looking for bodies because when the shooting started, people ran away into the forest." He said that 94 bodies were counted the morning after the shooting.

Another witness said that he thought the security force involved in the shooting numbered at least 29 persons. He said that he saw only black troops and thought they were members of a military support unit nicknamed "black boots."

In Salisbury, Leonard Nyemba, vice president of one of the black political groupings in the interim coalition, said that he learned yesterday that three of his nephews were among those killed.

"I am disgusted about the whole thing — how can we repeat the talk about a cease-fire and then start this type of massacre," said Mr. Nyemba at the headquarters of the Zimbabwe African National Union, the party headed by the Rev. Ndabandye Sithole.

Body Displayed

The chief witness of the shootings said that the body of the dead guerrilla had been taken by the security forces and put on display at Gutu, a commercial village. Observers here consider it significant that, while the military communiqué reported guerrillas shooting "across and through" the civilian crowd, there was no mention of any dead or captured guerrillas beside the man said to have been addressing the meeting.

The communiqué said that, in addition in the dead, 24 civilians had been wounded. All victims were described as curfew breakers. The curfew in the area is from 6 p.m. to 6 a.m.

Military spokesmen said that there would be no elaboration of the communiqué. Yesterday, newsmen visiting Fort Victoria, 40 miles from the shooting, were told by military representatives that the firing lasted five minutes and that the troops moved into the surrounding bush to search for guerrillas.

Manila Finds Vote Fraud, Says 13 Marcos Foes Won

MANILA, May 18 (AP)—The Elections Commission reversed itself yesterday and designated 13 opposition candidates from the central Philippines as winners in last month's elections for an interim National Assembly.

The candidates were presented by the Pusoyon Bisyaya Party against 13 from President Ferdinand Marcos' New Society Movement, which nearly swept the elections elsewhere in the country.

Mr. Marcos acknowledged soon after the April 7 voting that the opposition had won in the central Philippines.

Controversy began when the commission's official canvassing showed that some administration candidates winning there. Each side accused the other of fraud and terrorism.

The commission initially awarded victories to 9 Pusoyon and 4 New Society Movement candidates, but declared all 13 opposition candidates winners in the reversal.

Virtually Powerless

The 200-member assembly, which is to meet for the first time June 11 or 12, will be virtually powerless. Mr. Marcos, who has ruled the country under martial law

since 1972, will be the only one who can initiate legislation. The assembly is overwhelmingly weighted with Marcos backers.

Before yesterday's proclamation, the commission said that it had discovered "discrepancies, not to say anomalies or irregularities."

No commission member was immediately available for comment, but the Evening Post, a newspaper published by the wife of a Marcos adviser, said that the commission took the step "following instructions of President Marcos to review the results."

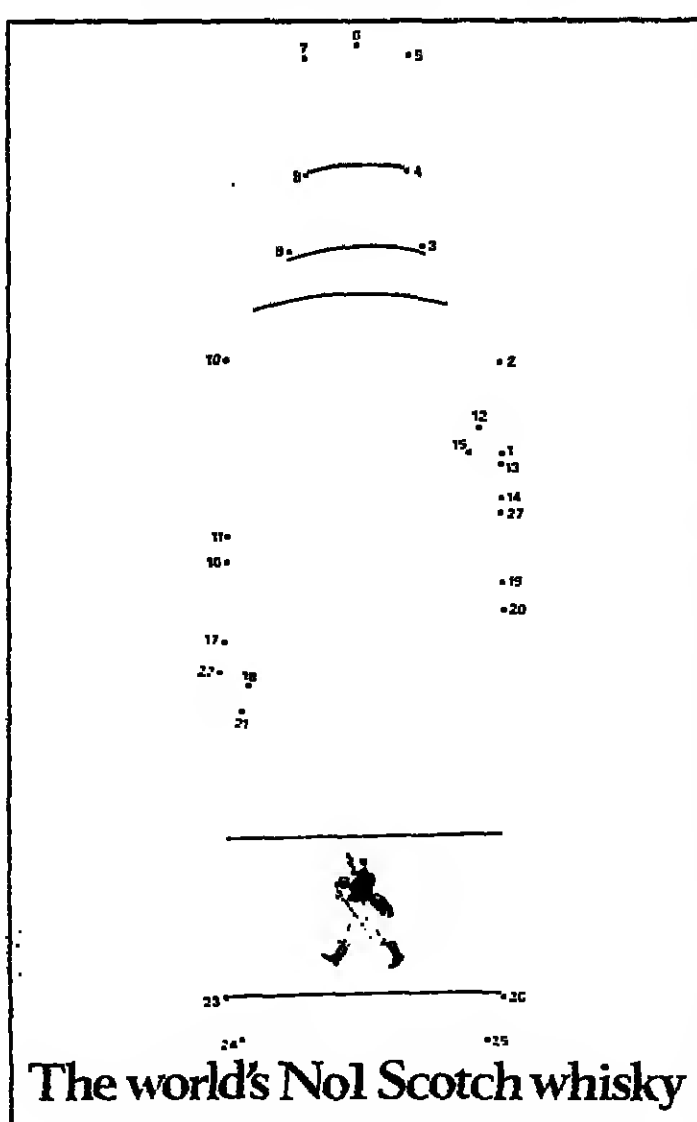
Chaplin's Body To Be Returned To First Grave

LAUSANNE, Switzerland, May 18 (AP)—The body of Charlie Chaplin — recovered yesterday 10 weeks after it was stolen from his Swiss village grave — will be reburied in the same spot, according to examining magistrate Jean-Daniel Tenthorey.

Mr. Tenthorey said that he had been informed that Mr. Chaplin's widow had commissioned a local mason to build "a strong, solid protection" around the empty grave in preparation for a reburyal of the 88-year-old movie star, who died last Christmas Day.

Two Eastern Europeans have been charged with stealing the body and coffin during the night of March 2 from the Corsier-sur-Vevey village graveyard where Mr. Chaplin was buried.

The body was recovered in an open cornfield near Noville, a tiny hamlet on the eastern tip of Lake Geneva, about 10 miles from the Chaplin estate.



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For Payoffs in Japan

U.S. Probe Said to Urge Lockheed Indictments

WASHINGTON, May 18—Justice Department attorneys have recommended seeking a grand jury indictment of the Lockheed Corp. and its former chief operating officer, A.C. Kouchian, on charges arising from secret payoffs by the aircraft manufacturer to Japanese government officials, sources said yesterday.

The recommendation, which calls for the first criminal prosecution of a major corporate executive growing out of a 20-month probe into overseas payoffs, has not gone to Attorney General Griffin Bell, who customarily makes the final decision on whether to proceed with such major cases.

Further, an attorney general or other high-ranking Justice Department officials can — and sometimes do — reject staff attorneys' recommendations on grounds of insufficient evidence or other weaknesses in the government cases.

Mr. Kouchian, who also held the post of vice chairman, said that he would have no comment, and officials at Lockheed's Burbank, Calif., headquarters declined comment as well. The Justice Department also refused comment.

No Action on Chairman
The recommendation, first reported by United Press International and confirmed by the Los Angeles Times, calls for no action against Lockheed's former chairman, Daniel Houghton. He and Mr. Kouchian resigned from the company in early 1976.

It could not be learned what criminal statutes are involved in the proposed action. However, when the Justice Department created a special unit to investigate overseas payoffs in October 1976, possible violations cited included wire and mail fraud laws, making false statements to government lending agencies and the Bank Secrecy Act.

Lockheed spent almost \$38 million for bribes and payoffs to help sell its aircraft in foreign countries, according to a company report filed last year with the Securities

and Exchange Commission to settle a suit by that regulatory agency.

Most of the payoffs were distributed between 1970 and 1975 when the company was suffering severe financial problems. Lockheed distributed large amounts of cash in direct payoffs and kept secret records and bank accounts to hide the bribes. Top government officials in Japan, the Netherlands and Italy were involved in the scandal.

\$2 Million in Japan

Mr. Kouchian said in congressional testimony that Lockheed had paid \$2 million to Japanese government officials and more than \$1 million to a member of the Dutch government. Most of the \$2 million distributed in Italy went to a cabinet minister's political party.

Japan's All Nippon Airways ordered Lockheed L-1011 TriStar jets in 1972. The sale was initially valued at \$130 million, a figure raised to \$500 million when the order was increased.

When details of the payoffs became known, Japanese authorities conducted an intensive investigation and a former Japanese prime minister, Kakuei Tanaka, was indicted on charges of accepting \$1.6 million to help arrange the sale for Lockheed. Seventeen other business leaders and former government officials also were indicted.

Knowledgeable sources said yesterday that much of the proposed case against Mr. Kouchian and the corporation was built on information supplied by Japanese authorities.

Lockheed's foreign payoffs were among the biggest uncovered in the wave of disclosures and investigations that swept the business community in 1975 and 1976. Fears of congressional and SEC action prompted many companies to make voluntary reports to the SEC.

More than 200 companies reported making \$400 million in questionable payments between 1970 and 1976.

© Los Angeles Times



CRIMEBUSTING HABITS—From left, Sisters Dorothy Payne, Marie Sullivan and Anita Cerefia were all smiles yesterday when they received a Philadelphia police heroism award for tackling, choking and sitting on a would-be bandit until officers arrived to make the arrest. "He went up against the wrong girls," Sister Marie said during the citation ceremony.

And Use Money to Get It

U.S. Foundations Seek Social Change

By Bart Barnes

WASHINGTON (WP)—"There are only three things you can do with money," says Obie Benz, former antiwar activist and heir to a food fortune. "You can spend it. You can reinvest it. Or you can give it away."

Since he turned 21 seven years ago and came into possession of a large sum of money — he won't say how much — Mr. Benz has made giving away money a full-time job.

In the San Francisco Bay area, he put together the Vanguard Foundation to Support Social Change, and the organization now spends more than \$300,000 a year on such efforts as prison reform, support for counterculture newspapers, the Gray Panthers, women's rights and legal services for migrant workers.

He is one of a small, but growing, number of young Americans who have inherited vast sums of money and elected to use the funds in an attempt to create social change.

Since Mr. Benz, a New Jersey native, organized Vanguard, rich young activists have put together similar foundations in Boston and Los Angeles, and two are being organized in New York and Philadelphia.

Such efforts are drawing increased interest and attention in the world of foundations and private philanthropy, as the men and women who control the vast resources of the nation's 26,000 private foundations ponder how best to spend their dollars.

Meeting in Washington recently, representatives of most of the largest and wealthiest foundations debated that issue for four days, many of them arguing that the way of the future for private philanthropy lies increasingly in the realm of supporting social change.

With increased U.S. government money committed to education, medical research, welfare and science, they said, many of the activities once supported chiefly by private donations now have the government as their main benefactor.

'Risk Redundancy'

"If we do the same things the government does, we run risk of being redundant," said Kirke Wilson, executive director of the Max L. Rosenberg Foundation of San Francisco. The question then becomes, "Why should foundations exist?"

"If you're doing the same things that the government is doing, it's very hard to make a case that you're doing something the government isn't doing, you run the risk of doing something nobody thinks is important."

"To do some good is relatively easy," said Landrum Bolling, chairman of the Council on Foundations, in a report to the membership at the Washington meeting. "To do the really significant will take all the wit and wisdom we can acquire."

James Kunen, president of Washington's Eugene and Agnes Meyer Foundation, said, "One role of the foundations can be to develop and support programs that are too risky for the government to try."

Mr. Wilson, of the Rosenberg

Foundation, added, "The government can't afford to fail. We can. It's very hard for some bureaucrats to go up to Capitol Hill and admit to Congress that one of his programs just didn't work."

Like many other foundation directors, Robert Johnson, executive secretary of Chicago's Weidobol Foundation, is supporting organizations that are using the government over a variety of issues. His foundation is supporting several suits aimed at curbing government surveillance of community groups.

A recurring theme of the meeting was lack of confidence in the ability of government to solve human social problems.

To spread that philosophy around the country, Vanguard is in the process of publishing a pamphlet entitled "Robin Hood Was Right," aimed at encouraging more wealthy young Americans to follow Mr. Benz's lead.

"So many American families, money is more taboo than sex," argues the pamphlet. "Breaking the awkward silence surrounding money is what 'Robin Hood Was Right' is about. We're living in a time when many progressive people with money are coming out of the woodwork and starting to act on their beliefs."

In House Panel Testimony

U.S. Unit Asks Extension Of ERA Ratification Limit

WASHINGTON, May 18 (UPI)—A handful of politicians are thwarting the will of the U.S. people to approve the Equal Rights Amendment, the American Association of University Women said today.

Dr. Marjorie Bell, AAUW president, in testimony prepared for delivery to the House Subcommittee on Civil and Constitutional Rights, called for a seven-year extension of the time limit on ratification of the ERA.

"The ratified states, which represent 72 percent of the American people," Mrs. Bell said, "concur with the desire to include women in the Constitution."

"Even with the [15] unratified states, with only 28 percent of the population, the majority of the electorate has shown clear support for the Equal Rights Amendment."

The amendment, passed by Congress and sent to the states in 1972 with a seven-year time limit, must meet a March 22, 1979, deadline of ratification by 38 states to become the 27th amendment to the Constitution. It has been ratified by 35 states so far.

The most prominent spokeswoman of ERA opponents, Phyllis Schlafly of Illinois, was to argue today against any additional time for consideration of the ERA. The anti-ERA forces argue that an extension is changing the rules in the middle of the game and sets a dangerous precedent for consideration of constitutional amendments.

The subcommittee, headed by Rep. Don Edwards, D-Ill., has already decided that the Constitution permits extension of the ratification deadline. It reached a consensus, Rep. Edwards said yesterday, "that an extension is within the power of Congress."

"The harder question," he said, "is whether such a step would be an

appropriate exercise of congressional power."

Pro-ERA groups argue that the issue has not yet received a full and fair hearing in the 15 states that have not ratified it.

A group of 22 senators, led by Sen. Birch Bayh, D-Ind., chief sponsor of the ERA proposal when it was passed in 1972, introduced a bill supporting a seven-year extension in the Senate yesterday.

A Genetic Link To Alcoholism Is Suspected

BOSTON, May 18 (UPI)—Alcoholism may be a hereditary disease, the New England Journal of Medicine reported today.

In contrast to the generally accepted view that alcoholism may result from cultural, environmental and psychological influences, newer epidemiologic evidence suggests that, in addition to environmental factors, there is probably a strong genetic component in this disease, the journal said.

The article by Dr. David Rutstein, a Harvard Medical School professor, and Dr. Richard Veatch of the National Institute on Alcohol Abuse and Alcoholism in Washington, D.C., said that three studies linking the disease to genetics were undertaken in the United States, Sweden and Denmark during the late 1970s.

In the Swedish study, Dr. Rutstein said, of 89 males registered as alcoholics for treatment in Sweden, 39.4 percent of their biologic fathers also were registered.

Dr. Rutstein said that there is evidence that adopted children who later become addicted to alcohol probably had an alcoholic biologic father.

2 Boy Killers, Families to Be Moved in U.K.

WOLVERHAMPTON, England (UPI)—The families of two boys, aged 4 and 6, who killed an 84-year-old bedridden and half-blind widow will be moved to different neighborhoods, local authorities said today.

Too young to be prosecuted, in Britain where 10 is the minimum age of criminal responsibility, the boys will be moved with their parents to new low-rent public housing on opposite sides of Wolverhampton within a week.

The boys confessed to killing great-grandmother Kate Willis Saturday by battering her with a brick after she gave only one of them a present of 10 pence (18 cents). An autopsy report said she died of fright.

Mrs. Willis and the two boys lived on the same street. As the boys played in the street Monday night, other children taunted them, shouting, "killers...murderers."

Kyprianou Asks To Meet Ecevit

NICOSIA, May 18 (AP)—President Spyros Kyprianou today offered to meet Turkish Premier Bülent Ecevit in an effort to break the deadlock in the Cyprus peace talks, resulting from his rejection of the latest Turkish proposals.

"Let him [Mr. Ecevit] accept to meet me, even without recognizing me as the president of Cyprus if he wants to, so that we can see if we can find some common ground to enable us to make progress," Mr. Kyprianou said at a Nicosia press conference.

A previous offer by Mr. Kyprianou to meet Mr. Ecevit, made soon after he was elected president last February, has remained unanswered.

Nixon Reportedly Set Up Illegal '70 Election Fund

WASHINGTON, May 18 (UPI)—According to records previously kept secret by the Justice Department, former President Richard Nixon set up an illegal \$4-million campaign fund for the 1970 elections that made contributions to 25 Republican candidates, including six incumbents, Ottaway News Service reported yesterday.

In a copyrighted story, reporter Lew Perdue wrote: "Twenty-one senators and representatives, two former governors, a federal judge, and a pro-football coach are among the persons who, as political candidates in 1970, received millions of dollars from an illegal Watergate campaign fund, according to government documents."

Ottaway quoted most recipients of the contributions as saying that

they did not know the campaign money came from an illegal organization.

"The Townhouse Operation," as the fund was named, operated without a treasurer or chairman — a violation of federal law, Ottaway reported, quoting court records obtained from the Watergate Special Prosecution Force. The fund filed none of the reports required by federal law.

Ottaway said that Herbert Kalmbach, Mr. Nixon's chief fundraiser, and Jack Gleason, a Republican fund-raiser, pleaded guilty to misdemeanors in 1974 in connection with the operation.

Ottaway quoted the documents as saying that the recipients still in the Senate include John Danforth, R-Mo., \$60,000; Lowell Weicker, R-Conn., \$65,000; William Roth, R-Del., \$7,500; Pete Domenici, R-N.M., \$45,000; and Ted Stevens, R-Alaska, \$10,000.

Representatives named by the documents as receiving money were William Whitehurst, R-Va., \$1,000. Money also went to Raymond Broderick, a U.S. district judge in Philadelphia; Thomas Meskill, a U.S. district judge in Connecticut; and Bud Wilkinson, now coach of the St. Louis Cardinals.

Shuttle Launch Delayed by U.S.

WASHINGTON, May 18 (UPI)—The maiden orbital flight of the space shuttle rocket plane has been rescheduled from March to June next year, complicating the space agency's plans to save the Skylab space station several months later.

The National Aeronautics and Space Administration said yesterday that problems with the shuttle's main engines were the primary reason for the rescheduling, although delivery of its huge external fuel tank also was behind schedule.

The launch date is important because the space agency hopes to launch the shuttle in time to keep the abandoned Skylab space station from an uncontrolled plunge to Earth next year.

U.S. Aide Warns Security Linked To Foreign Aid

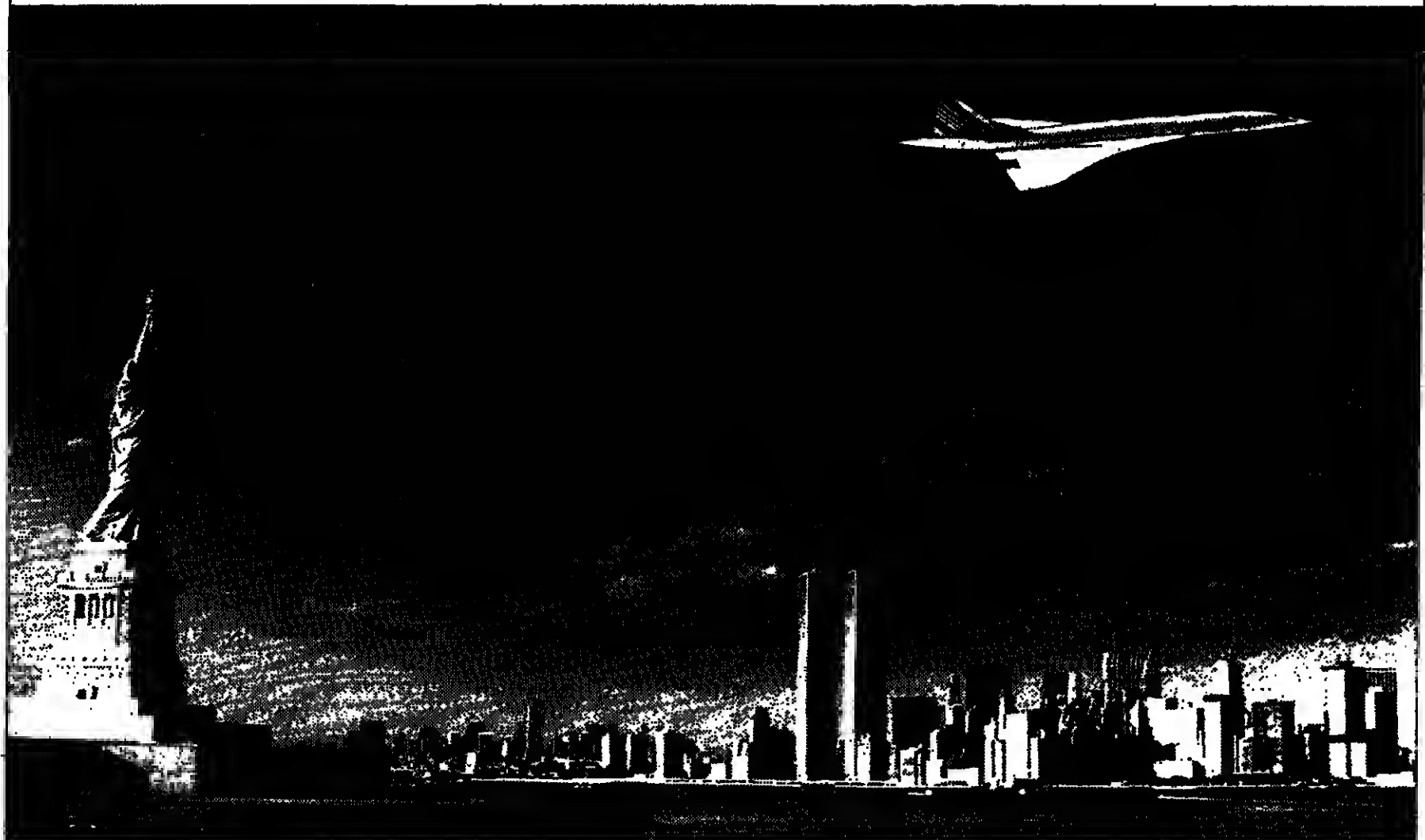
WASHINGTON, May 18 (UPI)—The administration has dramatized the need for a bigger U.S. foreign aid program with a warning that the security of the United States and other industrialized nations could be threatened soon by an undernourished and overpopulated Third World.

"The stability and well-being of the world — and the national security of the United States — hinge today on achieving a balance between population growth and increasing food production in the Third World," John Gilligan, head of the U.S. Agency for International Development, said yesterday.

Mr. Gilligan added that it is possible that by the mid-1980s the population explosion in poorer nations will lead to a global food deficit of about 100 million tons.

The current U.S. foreign aid program, about \$5.5 billion in total economic assistance, is not enough to "win this race with global disaster," Mr. Gilligan warned. "And we cannot, and will not do more until the American people and their representatives in Congress recognize the problem, see the urgency to the threat to our well-being and security, and act."

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At West German Positions

7th Army: Ready for Combat

By Drew Middleton

FULDA, West Germany (NYT)—The sirens sounded at 4 a.m. over the barracks, the sleeping city and the mist-covered green hills of Hesse. Lights appeared. A tank motor coughed, caught and then roared steadily. Lights appeared. A tank motor coughed, caught and then roared steadily. A soldier running toward the motor pool shouted. "This what they mean by 'the dawn's early light' Sarge?"

The sirens summoned the 1st Squadron of the 11th Armored Cavalry to one of the alerts that are part of border duty. The jeeps sped out to points where they could observe and report any advancing Soviet forces. The tanks, 155mm howitzers and armored personnel carriers pounded down the gray streets of the city to the positions they would occupy if "it happens."

Sirens also roused the 2d Squadron at Bad Hersfeld and the 3d Squadron at Bad Kissingen. Within an hour the regiment, 3,834 men strong and with 90 percent of its equipment operational, was deployed.

This was the 7th Seventh Army's readiness and what the troops call "the sharp end."

How ready is the 7th Army to fight the Russians? A week of talks with enlisted men, noncommissioned officers, company and troop commanders and general officers led to two conclusions.

First, the 7th Army, despite some inadequacies in the most advanced equipment, is ready to meet and hold the first wave of any Soviet invasion from East Germany.

Second, the basic question is not the 7th Army's readiness but

whether it could sustain the battle at its present levels of ammunition, weapons and manpower.

The 5th Corps, deployed in the northern sector of the 7th Army's area, is believed capable of handling a first attacking echelon of six or seven Soviet divisions on its front in a battle whose first stage would probably last five to seven days.

There would be a two-day delay, it is estimated, before the Russians renewed the attack on a corps that would then be at 50 percent of its strength in weapons, munitions and equipment. That is the point at which sustaining the battle becomes the key.

The issue is not simply whether airborne reinforcements from the United States would arrive to participate in the second phase of a battle. Rather, it is whether the Army would have the resources in manpower and ammunition to keep the front supplied.

"It is easy to see a situation in which tank mechanics would have to work all out to load ammunition for artillery and tanks," a staff officer said. "Who would be left to service the tanks? That would be one result in war of reducing the support units in place."

The consensus among officers is that the Army would be capable of a spasm of intense combat that would use up ammunition and weapons at an unprecedented rate. The movement of supplies and reinforcements to the battle area, they admit, would be difficult.

Soviet NBC Weapons

No one in the 7th Army underestimates the weight and character of a Soviet attack.

"Once the Soviet artillery hits, we must assume they will be using

NBC [nuclear, biological and chemical] weapons across the board," said Capt. William Marshall, who commands 1 Troop of the 1st Squadron, 11th Armored Cavalry.

The emphasis on training for nuclear, biological and chemical warfare is a long-overdue element in 7th Army preparation, inspired by revised estimates of Soviet tactics.

The Russians, it is estimated, would try to seize Western Europe's industries relatively intact. They have never been interested in developing the neutron enhanced-radiation weapon, which kills troops but does little collateral damage, because they have, it is said, abundant stores of chemical weapons, including nerve gases, that would have a similar effect.

Gen. George Blanchard, the Army's commander, takes a restrained optimistic view of his force's readiness.

Authorized Strength

The 7th Army, he said, is at more than 100 percent of its authorized strength. More than 90 percent of his people are in their chosen occupational specialty "doing what they have been trained to do."

Equipment authorized for active units is nearing 100 percent and exceeding Department of the Army targets. Classified and unclassified material readiness reports bear out the general's description.

The divisions and armored cavalry regiments have received all their 320 Cobra helicopters armed with the TOW anti-tank missiles. More will arrive soon to be deployed as reserves by the 5th and 7th Corps.

The improved model M-60 tank will go to the cavalry units later this year, although the troops are pessimistic about receiving the new XM-1 battle tank.

"Hell, I'll be out of the Army and retired before we see that baby," said Sgt. Reginald Jeffries.

The 155mm howitzer, the army's principal field gun, has been improved. The Dragon anti-tank weapon has gone to all units.

But the army still relies on the infantryman's old Redeye anti-aircraft missile and the Chapparral-Vulcan system to meet hostile air attack.

Production of the Stinger, a more sophisticated anti-aircraft missile for infantry, has just begun. It will be two years before the Army receives it.

There is an urgent need, armored unit officers said, for a new armored personnel carrier fast enough to keep pace with the XM-1 tank and tough enough to take on a new family of Soviet armored personnel carriers.



KUENSTLERSTRASSE—Someone must have goofed in putting up this contradictory street sign in the little town of Rheinhausen in West Germany along the Rhine River.

Target for Fiscal 1979

House Approves \$498.8-Billion Budget

By James L. Rowe Jr.

WASHINGTON, May 18 (UPI)—The House yesterday approved, by a 201 to 198 vote, a Senate-House conference report that sets a \$498.8 billion target congressional budget for fiscal 1979.

Many liberals who had voted for the House's version of the target budget last week defected yesterday, voting against the conference report because it contained more defense spending and less education and social spending than they wanted.

But House Democratic leaders were able to attract enough conservative Democrats to the budget to offset the liberal defections.

The House, unlike the Senate, has always had problems fashioning a federal budget that contains enough spending and a low enough deficit to attract a sufficient number of moderate and conservative Democrats.

Some Pique

House Budget Committee Chairman Robert Giacomini, D-Conn., warned after yesterday's vote that if liberals from big cities "leave us because of some pique like they did yesterday, they will push us into the hands of those whose price is to lower spending on social and urban programs."

Last week, the House passed its version of the budget by a similarly narrow margin.

Among liberal Democrats who voted for the House budget last

week but against the conference report yesterday were Reps. Parren Mitchell, D-Md., head of the House Black Caucus, David Obey, D-Wis., and Elizabeth Holtzman, D-N.Y. All three are members of the Budget Committee.

Few Senators

The Senate, which has advocated higher defense spending and lower social spending than the House in recent years, easily passed the conference report by a voice vote late Monday night with few senators in the chamber.

The target budget resolution, which serves as a guide to spending and taxing legislation during the summer, does not need presidential approval. Congress must pass a binding budget by Sept. 15.

The budget the House approved yesterday and the Senate approved Monday calls for spending \$498.8 billion in fiscal 1979, which starts Oct. 1, and raising \$447.9 billion in revenues. If the budget projections are accurate, the federal government will be in deficit by \$50.9 billion in fiscal 1979.

AID Was Used As CIA Cover, Ex-Chief Says

NEEDHAM, Mass., May 18 (UPI)—Former CIA Director William Colby said that the Agency for International Development previously was used as a cover for CIA activities.

Mr. Colby made the comment yesterday on WCVB-TV's "Good Day!" show when he was asked if AID had become a wing of the CIA. "It used to provide so-called cover for CIA officers," he replied.

Asked to elaborate, Mr. Colby said: "CIA officers cannot do their work in foreign countries if they wear CIA on their forehead. It's very hard. And therefore they have to have some other reason for being there."

Mr. Colby said that he believes the CIA should be able to use other government agencies which send representatives abroad "to sail within them a few CIA people. Most other countries do that, and I think we should, except for the Peace Corps. I leave them out."

11 Basque Rebels Arrested in Spain

BILBAO, Spain, May 18 (AP)—Police said today that they have arrested 11 commandos of the military branch of ETA, the separatist organization seeking the independence of Spain's Basque provinces.

Most of the arrested were youths aged 17 to 20. Police said that they took from them two submachine guns, five pistols, five shotguns, three rifles, one revolver, 14 knives and large amounts of ammunition.

Minorities Charge Exam Bias

State High School Tests: Florida's War on Failure

By Jeff Prugh

TALLAHASSEE, Fla.—Exam question: Ann earned \$1,300 as a lifeguard at a summer resort. She spent \$400 and put the rest in a savings account, which paid interest semi-annually at 6 percent per annum. After six months, how much money was in Ann's savings account?

A. \$54.
B. \$78.
C. \$927.
D. \$954.

If you did not choose \$927 as the correct answer to this question from Florida's functional-literacy test, you probably have company among many of their 11th-graders.

About 110,000 high school juniors took the exam in October—36 percent failing mathematics and 5 percent failing reading and writing—as Florida became the first to test statewide to determine who will be graduated.

Those who fail the test as seniors in the 1978-1979 school year will not receive high school diplomas, under terms of a state law passed two years ago. Instead, they will be given a certificate of attendance.

Thirty-two other states have taken some type of action that they hope will counter what many educators say are declining academic skills and college-entrance test scores. North Carolina and Virginia, for example, are to begin statewide testing next fall. Other states, including California, have left it to local school districts to set standards for graduation.

The Florida exam exists largely in response to complaints by parents and employers about the competency of graduates.

"Couldn't Change \$5"

"It was clear that we were graduating students who couldn't fill out an employment form or change a \$5 bill," Florida State Rep. Richard S. Hodes, former chairman of the House Education Committee, said.

Where were Florida's 11th-graders most deficient? A report by the Education Department pinpointed so-called "problem areas":

In mathematics, pupils had trouble determining elapsed time and comparison shopping, finding the area of a rectangle, solving problems involving weight, rates of interest, rounded numbers (a similar problem at eighth grade), decimals and fractions.

Most students recognized equivalent sums of money, could read tables and graphs and could solve

problems requiring one or two operations.

In communication, basic problems were "spelling common words and the use of the apostrophe for possessive nouns."

Florida's students got good marks in most literacy areas. "When reading for facts in simple materials," they knew when application forms were completed properly, how to use cross-reference indexes, to find details in written material, draw inferences and distinguish fact from opinion.

Not surprisingly, the exam has angered many Floridians, notably teachers' groups, which feel that they are being blamed unfairly for the failures.

Among the strongest critics is the Florida Education Association, a union of 35,000 teachers, which charged recently that the exam "dehumanizes the learning process" and renders as "secondary" all other classroom education.

"I'm not quarreling with such a test per se, but with the misuse of the test," said Yvonne Burkholz, chief lobbyist for the group. "We have serious reservations about the speed with which it was implemented, without time for the 11th-graders to get remedial instruction. The state acted hastily, and did not think through all the components."

Remedial Classes

One element of Florida's Educational Accountability Act, which authorized the test, is a program to help students shore up learning deficiencies in special classes before and after school hours. The Legislature has agreed to increase the program's financing from \$10 million to \$26 million per year.

Many experts believe that a much larger percentage of students will pass the test the second time because of the remedial program.

Critics, however, are pushing legislation that would delay awarding the certificate of attendance to failing students until 1980, or until deficient students have benefited from the remedial instruction.

Roger Nichols, Florida's deputy education commissioner, who drafted the legislation, believes that the test is a progressive step.

"All of a sudden parents and students are more serious about learning and they are correcting areas where students are weak," Mr. Nichols said. "You've got to start on this some time. Some generation has to take a stand, and that's what we have done."

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Obituaries

Selwyn Lloyd, a Leader
In Postwar Tory Party

LONDON, May 18 (NYT)—Lord Selwyn-Lloyd, 73, who as foreign secretary in 1956 was a key figure in the attack on the Suez Canal by British, French and Israeli forces, died yesterday at his home in Oxfordshire.

He had been ill for some time and had recently undergone brain surgery after a fall.

Born John Selwyn Brooke Lloyd on July 28, 1904, he served in the House of Commons for 31 years until 1976 when he accepted a barony and took the title of Lord Selwyn-Lloyd.

The Suez incident occurred a few months after President Gamal Abdel Nasser of Egypt nationalized the canal. With Prime Minister Anthony Eden, Mr. Lloyd shared much of the British and international criticism that followed the invasion.

Speaker of Commons

A distinguished lawyer before he entered politics, Mr. Lloyd spent his final five years in the Commons as speaker. After his controversial years as a Tory politician, he brought to the office a balance, fairness and humor that won him respect from all parties.

In most of his earlier posts he attracted a good deal of partisan criticism, as an enforcer of the exchequer at a time when the country was spending much more than it earned, as foreign secretary from 1955 to 1960 and in his short spell as defense minister in 1954.

A quiet, modest man whose political talent was not widely appreciated by the general public, Mr. Lloyd remained somewhat in the shadow of the more colorful Mr. Eden, although his face was a gift to political cartoonists. Those close to him regarded him as an anchor of the Conservative Party and the architect of its 1963 reorganization.

After service as a brigadier with the British 2d Army in World War II, Mr. Lloyd entered Parliament in 1945, as the member for a Cheshire constituency. By 1951, he had been

appointed a junior minister in the Foreign Office.

Hobart Godfrey Weekes

NEW YORK, May 18 (NYT)—Hobart Godfrey Weekes, 77, the arbiter of style in word usage at the New Yorker during most of its history, died of cancer yesterday at New York Hospital.

Functions at the magazine were never well defined. Harold Ross, the founder, once dubbed Mr. Weekes "the managing editor in charge of editing." For many years he would put each issue to bed, going over each phrase for clarity, proper usage and conformity to the New Yorker's style.

His special responsibility was the "Talk of the Town," the section at the front of the magazine. He also at various times supervised the fact-checking department and some of the columns.

Colleagues described him as the magazine's "court of last resort" on style. As such he helped set a national standard for crisp, creative journalistic writing.

Hobey, as he preferred to be called, was a convivial man. A bachelor who lived at 14 Sutton Place South, he made his true home at his clubs, notably the Coffee House, the Century, the University, the Dutch Treat and the Overseas Press Club.

He was an inveterate traveler, and regaled his colleagues and fellow club members with anecdotes about the misadventures that be-in-sisted were his fate. Mr. Ross once called him a "middle-aged juvenile delinquent."

He was born in New York, the son of the prominent architect Henry Hobart Weekes and the former Adele Frank. He was a graduate of the Hill School, Princeton University and Oxford University, and joined The New Yorker in 1928 after two years with an advertising magazine.

He was a short man, but sturdy and athletic. He volunteered as a



Lord Selwyn-Lloyd
... in 1962

private in 1942 at the age of 41 and served in the Army Air Corps in Southwest Asia. He emerged in 1945 a captain.

He left instructions that there be no funeral service, but that his friends have a drink on his account at the Coffee House.

Vaclav Dobias

PRAGUE, May 18 (AP)—Vaclav Dobias, 69, president of the Prague Spring Music Festival now in progress, died suddenly of a heart attack yesterday.

A pupil of Alois Haba, Mr. Dobias after the war forsook his early avant garde composition in favor of a more traditionalist style. He was a member of the festival committee since its inception in 1946, in 1974 he became the president.

Emile Bollaert

PARIS, May 18 (AP)—Emile Bollaert, who served as French high commissioner to Indochina in 1947-48, died yesterday.

A leader of the French Resistance during World War II, Mr. Bollaert was arrested by the Gestapo in 1944 and sent to the Bergen-Belsen concentration camp.

Steel Workers Seek to Reopen Plant

Factory Closing a Jolt to Ohio Region

By Susanna McCabe

YOUNGSTOWN, Ohio (WP)—The largest steel shutdown to recent history, which convulsed this community last fall, is relentlessly unraveling the social fabric of the area.

Chuck and Kay Windsor, who live in suburban Poland, can see it happening all around them.

Their Catholic church, Holy Family, cleared about \$2,000 on its April festival; usually the fair makes \$8,000 to \$10,000 profit.

A friend of theirs says that business at his car dealership is down 60 percent. Another friend who owns an appliance store that used to sell four or five television sets a week tells them that he is lucky now to sell one every three weeks.

Even one shred of prosperity is tied to the area's problems: A gas station owner a few blocks from their house tells them that his truck rental business is booming because young families are leaving for the South and West.

Mr. Windsor, 41, lost his job as a carpenter at the Campbell Works when the Youngstown Sheet and Tube Co. announced in September it was closing most of its operations at the plant.

4,400 Laid Off

About 4,400 workers have been laid off. State and federal benefits have made up most of their take-home pay, but the benefits will start giving out this fall.

Chuck Windsor hasn't been able to find another job and admits that he's worried. "If this Save Our Valley campaign gets some backing, I'll be okay. If not, I could have to move out of this area myself," he said.

The campaign is seeking support for a bold — some say hare-brained — scheme to reopen the Campbell Works with a new company that would be owned by the community and the steel workers.

The idea came from religious leaders in this area who formed the Ecumenical Coalition of the Mahoning Valley, which has asked Washington economist Gar Alperowitz and his research institute, the National Center for Economic Alternatives, to study whether such a plan is feasible.

Mr. Alperowitz says that it is — if certain conditions can be met. The most important is money. The center says that it would take \$525 million during eight years to cover the price of electric furnace equipment plus start-up losses and expenses of recovering the Campbell Works market.

Assuming cash equity at \$52 million, that would leave \$473 million to be raised, and Mr. Alperowitz believes that about \$300 million of that would have to come from U.S. loan guarantees.

To help the fledgling firm, which could produce 1.4 million tons of steel a year, he says that the U.S. government would have to buy 100,000 to 300,000 tons annually.

Odds 'Staggering'

Even with that kind of financial transfusion, the odds against such a new venture are staggering. Consultants here say that no one has ever reopened a steel mill and no new steel company has been started in a generation.

Mr. Alperowitz calls Youngstown "a symbol of major urban dislocation," and says the closing here, the biggest nonmilitary layoff

since World War II, is a symptom of a larger industrial malaise. What happened in Youngstown is dramatic — "like a massive heart attack," he said. "But there's a slower cancer eating at the upper Midwest and the Northeast. The question is whether there's any way to turn around an older urban community that's going under."

In its prime, from the beginning of the century through the 1930s, Youngstown ranked second only to Pittsburgh in U.S. steel production. It ranked fourth before the recent closings and now is eighth.

Ed Salt, retired editor of the sheet and tube company's magazine, remembers when you could read a newspaper at night almost anywhere in Youngstown "by light reflected off the clouds from the Bessemer furnaces at Republic and U.S. Steel."

In those days, smoke from the furnaces was known as "gold

Rock Drawings
Made by Hidden
Filipino Tribe

MANILA, May 18 (UPI)—A cave inhabited by a lost stone-age tribe is a "veritable scientific treasure" complete with rock drawings, a government report said today.

The discovery of the "Tao's Bata," or stone people living in a hidden valley Palawan Island, 350 miles south of Manila was announced Monday and the government immediately sent a scientific team to one cave in the crater of an extinct volcano.

"This cave occupied by two households is a veritable scientific treasure," said a report by Jesus Peralta, curator of the Philippine National Museum. "Along with other caves in this cave-dwelling complex, it holds the key to Philippine prehistoric questions," the report said.

It also said that figures on the cave walls indicated "continuity of practices dating back some 2,000 years, within Neolithic times."

Soviet Aid Goes
To Afghanistan

BELGRADE, May 18 (AP)—Afghanistan and the Soviet Union today signed five agreements on credit, and development assistance, the Yugoslav news agency Tanjug reported from Kabul.

Two agreements provided for new Soviet deliveries of equipment and machines, on a credit basis, and technical assistance for irrigation and copper-processing projects. The others endorsed previous agreements of Soviet assistance of 300 million rubles.

The Indian Embassy, meanwhile, said that India approved a shipment of 50,000 tons of wheat to help Afghanistan overcome the consequences of drought.

Japan Slide Kills One

TOKYO, May 18 (UPI)—A landslide north of Tokyo buried 16 houses and vacation dormitories yesterday, killing at least one person, police said. Ten persons were reported missing.

Wives of U.S. Legislators Lobby for Probe of TV Ads for Children

By Carol Shiffrin

WASHINGTON, May 18 (WP)—Eight congressional wives began lobbying on Capitol Hill yesterday to undo what they called the shocking attempt by some of their husbands' colleagues to interfere with a Federal Trade Commission inquiry into television advertising aimed at children.

Four representatives of the group distributed a letter to members of the House Appropriations Committee asking them to vote against an amendment, approved by an Appropriations subcommittee, that would block the FTC from probing

television advertising of food products aimed at children.

The FTC staff had recommended to the five-member agency that it propose a ban on TV commercials aimed at children "too young to understand the selling purpose of advertising; a ban on the advertising of highly sugared products to children under the age of 12, and a requirement that advertisers of other sugared products aimed at children contribute to a fund that would balance the ads with separate dental and nutritional messages.

"Let the FTC conduct its inquiry, it may help us raise wiser,

healthier children," the wives wrote.

"As mothers and as citizens, we appeal to you to recognize television as a major influence in the nation's young," they said. "If the FTC can help to make this experience more educational, this effort shouldn't be suppressed."

The subcommittee amendment in question is directed at a controversial proceeding undertaken by the FTC this spring to look into problems posed by television advertising directed at children and to decide whether the agency should do anything about them.

The FTC's probe of children's advertising has generated lobbying

on Capitol Hill by representatives of the broadcasting industry, who reportedly hope to head off the FTC.

The Appropriations subcommittee amendment, adopted two weeks ago by a 5-to-4 vote, would prohibit the FTC from spending any money, including staff salaries and expenses, on any rulemaking proceeding that could limit television advertising of food that contains ingredients that are generally considered safe for human consumption. That would cover sugar.

But the congressional wives do not like that. "We think the congressmen should be made aware of

how important people think the children's advertising food issue is," said Kathy Murphy, wife of Rep. John Murphy, D-N.Y., and a signer of the letter.

Besides Mrs. Murphy, other signers of the letter were Landis Neal, the wife of Rep. Stephen Neal, D-N.C.; Gayle Kildee, wife of Rep. Dale Kildee, D-Mich.; Suzie Dicks, wife of Rep. Norman Dicks, D-Wash.; Rose Nowak, wife of Rep. Henry Nowak, D-N.Y.; Sala Burton, wife of Rep. Phillip Burton, D-Calif.; Elinor Bedell, wife of Rep. Bertley Bedell, D-Iowa; and Merle Edgar, the wife of Rep. Robert Edgar, D-Pa.

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Iran Could Change

he recent position of Iran, under its vigorous shah, Mohammed Reza Pahlavi, and the assurance, at least, of military strength, have made many forget that the country played a part in history like that of ghanistan: Its political life was stormy and unmanageable. Now outbreaks and dissent by ups far apart in ideology but united by a fire to uproot the shah make both of these aspects of Iran factors in the world picture. Iran, or Persia, as it was once named, was a strategic importance to the Russians and British, for reasons very similar to those which had them watching one another in ghanistan. Then oil became significant, and the two powers, confronting a strong, many, resolved their differences in Persia a virtual partition, so far as oil interests were concerned. This agreement was destroyed when the Bolsheviks won in Russia. Persia remained a source of friction until, many, before World War II, threatened Britain and the Soviet Union. Then the latter two countries combined to overthrow Iran by force.

They were to have left at the end of the war, but while Britain (which had, in the meanwhile, begun to share both diplomacy and oil interests with the United States) was busy to do so, the Soviet Union was not. The beginning days of the Cold War were warm ones in Iran. And while the Soviet Union did withdraw, it is still a dangerous neighbor for the shah.

He, incidentally, had come to the throne after his father—called "the Ataturk of Iran"—was deposed because of his flirtations with Hitler. And he came to power after Mohammed Mossadegh, a prime figure in the nationalization of Iranian oil, was also deposed from his legislative domination of the government in 1953. The United States was an element in this transition, and with American help, Mohammed Reza Pahlavi has enjoyed an authoritarian rule that has done much to build Iran militarily and economically.

But he has his enemies. They range from hardline Moslems, who dislike the way in which he has kept the Ataturk tradition of modernization, to the Communists, whose activities, if not directly aided by Moscow, certainly enjoy the Kremlin's good will. And, of course, there are liberals who simply want to bring democracy to Iran.

The shah has suppressed the outbreaks of violence that seem mostly Moslem, mostly opposed to ways of life that relative prosperity and the shah have brought to ancient Persia. But he is under pressure, also, from groups who want higher oil prices, and there is always the problem that every authoritarian regime faces should the leader need a successor. So it is very clear that Iran cannot be taken for granted—and should major changes occur, the essential brittleness of one-man rule may again be painfully demonstrated.

The Answer Is Not in Africa

Hardly a day passes without some new violent episode among the tribes of Africa as they struggle to preserve or to alter the boundaries inherited from their old colonial masters. Ethiopians are on the march against the long-rebellious province of Eritrea. Religious Katangans, now called Shabas, are waging the battle to break free of Zaire, the former Belgian Congo, or at least to topple its central government, led by President Mobutu.

Indirectly abetting both offensives, if not directly participating in them, are Cubans supplied and supported by the Soviet Union. Africans braced by these foreign legions have ready prevailed in Angola and on the small front of Ethiopia. The mere threat of Cuban-Soviet involvement already colors diplomacy of Rhodesia. So with each new episode, a question for Americans returns insistently: When will it be time for the United States to try to block these non-African adventures?

The time may be approaching. Stability and orderly development in Africa may soon require resistance against Soviet imperialism. The world standing of the United States itself may soon require it. But policy of resistance for geopolitical, global reasons does not automatically translate into direct intervention or into an alliance with very frail or corrupt target of Cuban-Soviet activity. If the threat becomes large enough, the answer be large in American-Soviet relations. Wheat deals and other trade activities, technical exchanges, cultural intercourse, scientific and medical collaboration—all are potential hostages in a determined policy to deter Soviet conduct.

So let us separate our anger over Moscow's dangerous opportunism from the pathetic and diverse conflicts in different regions of Africa. Zaire is a valuable case in point. That it share with General Mobutu a resentment of the role of Cubans in Angola is no reason

to conclude that we share much else with him or need to assert a national interest in his survival.

He has stated that the 4,000 or so rebel troops that invaded the rich province of Shaba in the past week were trained by Cubans in Angola. They probably were, and probably received their arms from a Soviet-Cuban storehouse. But they appear to be waging their own effective fight, much as they and their fathers have waged it intermittently since 1961 and with the prior tutelage of European mining interests and Portuguese colonial forces in the same Angola.

Although their attempted secession was decisively defeated more than a decade ago, remnants of the "Katanga gendarmes" survive. A year ago, they launched another effort to break away from General Mobutu's rule. With French and Moroccan support, he put them down. Conceivably at stake in the new fighting is Zaire's huge debt of about \$2 billion, much of it owed to American banks. And that is, granted, an American interest. But a corrupt and inept regime, more even than the decline in the price of Zaire's copper, is responsible for the country's economic failure and rising political opposition. The debts may never get paid, no matter who wins. As the Carter administration seems to understand, Zaire's regime is hardly the vehicle for a demonstration of American resistance to the Russians.

It would be useful, nonetheless, to establish the extent of the Cuban connection with the Shaba rebellion, if only to destroy the Cubans' pretense that they merely serve the cause of territorial cohesion at the request of legally constituted African governments. Their imminent betrayal of their former friends in Eritrea would also demonstrate that the Cubans have become the puppets of the Russians. If we intend to resist them, Moscow is the place to call.

THE NEW YORK TIMES

International Opinion

1 Vote of Solidarity

The 42.5-percent vote achieved by (Italy's) Christian Democrats—better than they have done in any general election since 1958—must be seen essentially as a vote of solidarity with a ruling party so brutally deprived of its most influential leader, and a vote of approval for the way his colleagues stood up to the appalling moral pressure to which they were subjected; a vote also, perhaps, of recognition that Christian Democracy, whatever its faults, is a system infinitely worth preserving if the alternative is the terror and sadism of the Red Brigades. Correspondingly, the results show a decline of all those parties which right, however unfairly, be identified with terrorism in the public mind, on the right, the neo-fascist Italian Social Movement, on the left the Proletarian Democrats, the Radicals—and the Communists, who lose virtually all the ground gained in the 1976 general election...Such a punishment of the Communists is bound to seem unjust to those who have followed the party's exemplary firmness

against the terrorists throughout the Moroccan crisis...Socialists...seem to have earned credit rather than blame from the voters (or some of them) by their efforts to save Moro's life through some kind of negotiation or concessions. This may perhaps have helped them to win back left-wing voters previously lost to the Communists or the far left...To extrapolate from a partial election held at such a time to the likely result of a general election would clearly be dangerous. Such an election if held quickly...might perhaps produce a majority on paper for a center-right government...enjoying neither Communist nor Socialist support.

But it would be unlikely to make either that formula or the Center-Left (including Socialists and excluding Communists) any more viable than they are today. The delicate compromise which Moro bequeathed to his countrymen remains their best hope of effective government for the time being. And at least for a time the Communists are not likely to press for more.

—From the Times (London)

In the International Edition

Seventy-Five Years Ago
May 19, 1903

WASHINGTON—Count Cassini, the Russian ambassador, issued a statement today explaining the condition of the Jews in Russia and the provocation for the peasants' hatred. He says it is the peasant against the moneylender, and not the Russian against the Jew. The ambassador assures the American government that his government will take strong measures to punish the guilty persons implicated in the massacres at Kishineff. The State Department refuses to discuss even the possibility of interference of the United States on behalf of the Jews.

Fifty Years Ago
May 19, 1928

TOKYO—Japan took a firmer stand in China today by warning both the Nationalist and Northern governments that it will not tolerate civil warfare in Manchuria and that vigorous steps will be taken to protect Japanese interests there in the event of an outbreak. The warning was in the form of a memorandum that follows on the heels of the vice minister of war's declaration yesterday in Tokyo in which he outlined Japan's position.



'Land Question' in Scotland

By Neal Ascherson

EDINBURGH—A few years back, a Scottish banker, I know, was driving through the Highlands. He picked up a young hick and began to point out the landmarks. That mountain belongs to Lord Smith, he began, and that loch over there belongs to Sir John McDonald, and that river... "Excuse me," the kid interrupted. "How can a mountain belong to anyone? How can some guy own a river? Sure, a house or a car—but the landscape?"

Curious things started happening in the banker's head, and they went on happening long after he had dropped the kid at his destination. In the end, he quit banking, settled on a Hebridean island and now runs a college for the revival of the Gaelic language. Britain is a country where people almost never ask that sort of question. And yet "the land question" was and remains the most explosive social issue in European history.

Freedom

Britain is one of the rare countries in which the land market is almost totally free. If you have the money you can buy it: farm, mountain, river, lake and grouse moor.

It doesn't matter if you are a foreigner. It doesn't matter whether you are a genuine farmer or a London banker who fancies a Scottish wilderness of his own or a bunch of business speculators who need some losses on land to reduce your tax liability.

No law protects the small farmer, and no law prevents an absentee landlord from letting his estates run to weeds and ruin. In Switzerland and Canada, foreign-controlled companies have no free access to land purchase. In Ireland, farm land purchased by aliens has to pass through an Irish land commission for approval.

In France, a state body known familiarly as SAFER (Société d'Aménagement Foncier et d'Etablissement Rural, or loosely, the Agency for Land-Use Planning and Rural Development) can hold down land prices and give financial assistance in purchasing to the small farmer. In Denmark and West Germany, the hobby farmer, passive investor or would-be hermit are strongly resisted by the state. Why is Britain different?

Like so many British differences, it is in history. England, in particular, had abolished its peasants and gone over to large-scale farming by the early 19th century. The small farmer survived only in the hills—and in Wales and Scotland.

An Avalanche

And it's from Scotland that talk about land reform is coming now. For over a century, the Highlands have suffered from absentee landlords who leave London to visit their huge estates once a year, for hunting.

Now there is an avalanche of farm purchasing by speculators and outsiders, many from Holland, who are making it almost impossible for the native small farmer to buy or even lease a farm.

Scotland's antique Register of Sasines does not even record which land is owned by whom, while no disclosure law prevents estate buyers from hiding their identity behind bases of holding companies based in foreign tax havens like Liechtenstein.

This hurts the pride of the Scots, who like to think of themselves as a nation of sturdy small farmers who embody Presbyterian self-reliance in their lives. They want to kick

back, and it may be that they will soon have the means to do so.

The bill to set up a Scottish Assembly, granting Scotland limited internal self-government, is slowly making its way through Parliament. One clause in its verbiage would allow Scottish administration at Edinburgh to control land tenure.

Though the Labor government, which framed the bill, certainly never intended it, this loophole would allow a land reform to be carried through, bringing Scotland more in line with European practice.

Less Sweeping

Socialists in Scotland would like to nationalize the land outright, but that is a power retained by the British government, in London.

The Scottish Nationalists, less sweeping, would try to break the

great estates down to family-farm size, dispossess those who neglect the soil and keep non-Scotts and speculators out of the market.

It may never happen. The Assembly bill, badly mutilated in Parliament already, may never survive to become law. But if it does and the reform goes through, the whole agrarian structure of Scotland will be stood upon its head.

The lament of the dispossessed would certainly be deafening. It would be the sharpest social change (although only in one part of the United Kingdom) since 1945. But in the end, and if the new deal improved the productivity of farm land while reducing its cost, the English might be tempted to follow a Scottish example.

Neal Ascherson, who writes for the Scotsman of Edinburgh, wrote this article for The New York Times.

Six Months and Still There Is No Peace

By Anthony Lewis

Senate vote on the Middle East

anti-Semitism.

In any event, the affair may well put Begin under domestic political pressure to look tougher in his relations with the Carter administration. In his first comment on the Senate vote, he referred to "some who are trying to dictate peace terms to us, trying to push us back to a line from which it will be difficult to defend our citizens."

The irony is that American policy may now be on a line better calculated to work with Begin than at any point since last fall.

Following a suggestion of Israeli Foreign Minister Dayan, the Carter administration has put aside its effort to get a declaration of general principles acceptable to Egypt and Israel. Instead, the United States is working with Begin's own proposal for the West Bank, trying to pin down its practical meaning in ways that might ease Arab fears.

Begin proposed internal "self rule" for the West Bank and Gaza by an elected council, with Israel retaining responsibility for security. He said the arrangement would be "subject to review after a five-year period." That phrase seemed to the Arab world to suggest that effective Israeli domination of the West Bank would go on indefinitely.

The American administration now asked Begin these questions: Does he agree that the eventual status of the West Bank would be decided during the five-year period? And if so, by what process of negotiating, voting or whatever?

Why Not Just Run Them Out of Town?

By William F. Buckley Jr.

NEW YORK—At Yale, a generation ago, a brilliant political scientist with a genius for social obnoxiousness sat for two hours at a meeting of his colleagues called to deplore the "persecution" of the Communists under the Smith Act. He finally broke silence and quoted a conversation he had had that morning with the janitor who cleaned his room. "Is it true, professor," he had been asked, "that there's people in New York who want to overthrow the country?" Yes, said the professor. "Well, why don't we run them out of town?" That man, said Prof. Kendall, thoughtfully, knew more about political science than all his colleagues put together.

Quite right, as it happens. And the argument over the right of Nazis to march in Skokie, Ill., brings up the controversy yet again, with the ideologues, represented by the American Civil Liberties Union, doing their abstract, self-righteous, in behalf of the rights of Nazis, flaunting the paraphernalia of genocide, to parade down a city suburb substantially inhabited by survivors of the Holocaust.

The best analysis of the theoretical controversy has been written by Hadley Arkes, a professor of political science at Amherst, in "National Review." Prof. Arkes concludes that if one took seriously the arguments of the ACLU the ironic result would be that the grounds for protecting minority rights would themselves disappear. If the "rights" of a minority whose platform it is to eliminate the rights of others are rigorously protected, then one is affirming the theoretical right of those rights to command themselves to a majority which might then elect to repeal the rights of dissenters.

Outweighed

The Great Juridical Fall, explains Prof. Arkes, came from *Chaplinsky v. New Hampshire* in 1942 when Justice Murphy (an indifferent philosopher) said exactly the wrong thing. In the first instance, Murphy argued that there is no "constitutional problem" in respect of the prevention of certain things. "These include the lewd and obscene, the profane, the libelous and the insulting or 'fighting' words—those which by their utterance inflict injury or tend to incite an immediate breach of the peace. It has been well observed that such utterances are no essential part of any exposition of ideas and are of such slight social value as a step to truth that any benefit that may be derived from them is clearly outweighed by the social interest in order and morality."

Thirty years later, a young man paraded around the corridors of the County Courthouse in Los Angeles wearing a jacket that bore the inscription, "F— the Draft." According to Justice Harlan, what young Cohen was doing with his jacket was "asserting [a] position upon the inutility or immorality of the draft," and therefore he was entitled to protection under the First

Amendment. Although the court went along, in due course it found itself, in *Parris Adult Theatre v. Slater*, agreeing with Chief Justice Burger that a law and a law copulating onstage in Times Square could not plead the protection of the First Amendment by the simple expedient of moaning something about some political objectives in the course of the act.

Sympathetic

Notwithstanding that Nazis marching through Skokie are no more engaged in making a political statement than the copulators in Times Square—the Nazis are engaged in contriving a news-making affront to the Jews—the ACLU continues to plead, and higher courts appear to be sympathetic to, the Cohen standard.

What does this mean? Prof. Arkes makes a profound point. It means that the court is way behind the serious thinking of the past generation as done in the philosophy departments of the civilized institutions. The court is still stuck with the hoary precepts of the logical positivism of Oliver Wendell Holmes, author of the most preposterous adage of our time, namely that the test of truth is its ability to get itself accepted in the marketplace. A commitment to a free society, Prof. Arkes points out, is the logical counterpart of an opposition to a uniform society, and that commitment appeals therefore to a higher order of truth than the marketplace: the belief in human freedom and equality.

It is one thing to say: Let the Nazis march in Skokie as an act of contemptuous permissiveness. It is another to say that they have the right to march through Skokie. Jefferson is frequently summoned implausibly. He said, "Those who wish to dissolve the union or to change its republican form should stand undisturbed as monuments of the safety with which error of opinion may be tolerated where reason is left free to combat it." That, please note, is a prudential statement; Jefferson feels free to speak of error—without suggesting that the majority are in a position to baptize error and make it truth. He speaks merely of his confidence that the majority will reject error. Jeffersonism protection for the Nazis is an act of indulgence of perversion, not a constitutional recognition of a protected idea.

The International Herald Tribune welcomes letters from readers. Short letters have a better chance of being published. All letters are subject to condensation for space reasons. Anonymous letters will not be considered for publication. Writers may request that their letters be signed only with initials but preference will be given to those fully signed and bearing the writer's complete address. The Herald Tribune cannot acknowledge letters sent to the editor.

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Cannes Festival

A Soviet Movie Raises The Glittering Curtain

By Thomas Quinn Curtiss

CANNES, France, May 18 (IHT)—The 31st Cannes Film Festival opened Tuesday evening with its customary full-dress ceremonies. Jean-Pierre L  aud, the minister of culture, presided at its premiere in the marble Cinema Palace on the Croisette, and among the ornamental stars attending were Liv Ullmann, who is a member of the jury, Agostina Belli and Russian actress Svetlana Toma. Most regal of all was Romy Schneider in black silk decollete, her hair drawn back in a chignon, who proved the favorite of the photographic battery.

Although film festivals continue to multiply the world over, that of Cannes has no rival. It is the Glittering Curtain of the film world, the festival of Venice, was done to death by political strife. Cannes, too, has been troubled by controversy on occasion. In 1968, the French general strike forced cancellation of the season then in session and its doom was predicted by its enemies. The following year, many who had shrilly denounced its policies and questioned its value were back again, some of them bringing films for its verdict.

Today the festival remains the major annual international reunion of film folk and 1978 finds it with the highest attendance record of its three-decade history. It has more than 2,000 accredited guests. The hotels and pensions of the city are

so overbooked that a large number of visitors have taken quarters in the surrounding towns, and no rooms are available this side of Monte Carlo. The 1978 Cannes festival, it appears, is a bit.

A Soviet film, "A Hunting Accident," rang up the curtain on this year's program, being shown in the prize competition at Tuesday evening's gala. It was politely received and following its projection, Soviet Ambassador Stepan Tchervonenko was host of the mid-night inaugural banquet at the Hotel Carlton.

"A Hunting Accident," derived from a Chekhov novelette, reflects a current trend in the Soviet cinema. Finding audiences both at home and abroad unresponsive to the traditional boy-meets-girl scripts and to dull eulogies of the party line, Russian filmmakers are turning increasingly to the literary classics, to Tolstoy ("War and Peace"), to Turgenev ("A Nest of Obolensky"), to Pushkin ("The Snow Storm") and to the invaluable, in-avoidable Chekhov ("The Lady With the Little Dog" and "Uncle Vanya"). At this moment another Chekhov short novel, "The Steppe" is before the Soviet cameras.

This recent turn to the past is evidence that spectators, Russian and foreign, have tired of the propaganda movie and have little patience with the official interpretation of contemporary life, preferring in its



SOVIET FILM personalities stroll in Cannes before their film, "A Hunting Accident," opened the festival—director Emile Lotianou (l), actress Svetlana Toma and actor Grigori Grigoriou.

stead tales of long ago. It also brings to the fore a matter that is troubling the cinema everywhere: the appalling lack of fresh ideas and writing skill. Hollywood reveals signs of decadence in its constant dependence on remakes of its old successes. As it seems incapable of devising many interesting scenarios, it would be well-advised

to follow the present Russian policy and seek material in native classics in the novels of Melville, Mark Twain, Stephen Crane and Frank Norris.

The film that Emile Lotianou has extracted from Chekhov's "A Hunting Accident" is akin to the stock dramatized novel. It faithfully reproduces the story's characters and incidents, which revolve about the fatal shooting of an unhappy young country bride during a hunting excursion in the 1890s, but it has nothing of the original's binding magic. Chekhov told this tale in the form of a mystery thriller, the sharp flashes charged with an electric suspense. The film version has stretched an anecdote in the Maastricht manner to last for two hours and thus throubles its necessary intensity. Atmospherically, it paints a haunting background of the Russian provinces in the '90s, but theatrically, its treatment, too, is that of the period.

There is substantial acting by Galina Believa as the battered bride, by Oleg Yankovski as the district judge, Kirill Lavrov as the dissipated count, Grigori Grigoriou as his brother-in-law, Leonid Markov as his servant and Svetlana Toma as a Gypsy songstress, accompanied by the tragic orchestra of Moscow's Roman Theater. As an ensemble performance, it suggests the second period of the Moscow Art Theater with its Stanislavski realism. The adaptation has in no way been doctored with propaganda, but it has been sweetened with sentimental touches.

Entertainment in New York

NEW YORK, May 18 (IHT)—This is how New York Times critics rate new films and plays:

Films

"The Last Supper" is a Cuban film directed by Tomas Gutierrez that is "a fine, cool, almost detached political parable told entirely in religious terms," according to Vincent Canby. "It seems to say more than one ever expects to hear in popular revolutionary literature." It takes place in the late 18th century on a Cuban sugar plantation where the owner has decided to have a last supper and has invited 12 of his slaves. Before the end of the evening he has released one of the slaves and promised that there would be no work the next day. When he does not follow through, there is a rebellion. Canby says that it has "something of a haunted, guilt-ridden manner" about it. And the character of the plantation owner "remains forever mysterious. It's not, I think, that the director or Nelson Vilagra, who plays the owner, withheld information. It is, rather, that the truth of human behavior can never be more than action observed. The rest is speculation."

"Cat and Mouse" by Claude Lelouch "is a pretty and personable new murder mystery," Janet Mas-

lin says. "The plot revolves around the death of a wealthy businessman (Jean-Pierre Aumont), the questionable innocence of his bereaved wife (Michele Morgan) and the genial snooping of Detective Lechat (Serge Reggiani). The film 'isn't primarily a comedy, but it continually sends up the conventions of mystery fiction, and also parodies a great many movie-making gimmicks.' Maslin says that Lelouch 'has really outdone himself in the realm of clever casting....The teaming of Miss Morgan and Reggiani gives the film an ironic recognition of class boundaries and a delight at the ease with which they can sometimes be crossed; it also provides a great deal of romantic spark. Their performances are top-notch."

Plays

"Hooters," written by Ted Tally, "has moments of original comedy and one or two touching characterizations but they are like beads caught in a glue pot," Richard Eder says. He thinks Tally shows "promise and some genuine talent in this play," but it has "an excessive amount of trite and awkward material." It is about two boys just out of high school who seduce two women on Cape Cod. "The meet-

ing has the quality of two blind men groping at porcupines," Eder says. Christine Lahti's performance as a woman who is attracted to one of the boys is "irresistible." But, for Eder, "Nothing else is good." It has the air of a situation comedy, he says, and "It is as if Tally had wanted to rejuvenate the cliches and make them jump. Mostly, he can't." Michael Kaufman and Erica Peterson are "effective and amusing," but Victor Besine is "miscast" as one of the boys.

"Tip-Toes," a revival of a Gershwin work first performed in 1925, "is a up-to-date musical," according to Mel Gussow. But he adds that the "quality of the score is offset by the dreariness of the book." The plot involves a vaudeville threesome stranded in Palm Beach and trying to get a millionaire to fall in love with the heroine. The director, Sue Lawless, "tries to be as mildly insistent as possible about the book," Gussow says. "Wise, the revival concentrates on the music." He adds, "Second to the score in interest is the production itself, which is done with taste and modesty." The cast, including Georgia Engel, Russ Thacker, Marshall and W.M. Hunt, is "refreshing."

"Working," a musical from the book by Studs Terkel about how Americans talk about their jobs, is "by and large, out of focus," according to Richard Eder. It was adapted and directed by Stephen Schwartz. "The fundamental problem is that Mr. Terkel's book is a record whose value comes from setting down the words in which a wide selection of Americans think about themselves. On stage, in the context of a series of musical skits, these real narrations inevitably become dramatic fictions. They are usually too frail and they are overburdened," Eder adds. "There are a few characters who do achieve dramatic intensity. Mr. Schwartz, whose conception may be faulty but whose direction is magnificent, uses them very well." The actors include Brad Sullivan and Matt Landers. The set by David Mitchell is "effective," while Onna White's dances are "fairly unimaginative." Eder concludes that "in general, the songs are musically uninteresting and what is worse, trite and sentimental in their lyrics."

Sharps and Flats

PARIS—Joe Pass is at the Salle Gaveau May 19 at 9 p.m., and the Art Ensemble of Chicago, the same night at the Stadium. Guitarist Jaime Longhi and the English rock group Rock-Fiasco will be at the American Center on the Boulevard Raspail May 23 at 8 p.m. The Richard Boone quintet (Boone is a former trombonist with Count Basie) appears nightly at the Club St. Germain. Nancy Holloway is at La Belle Epoque and the Delta Rhythm Boys at the Eiffel Tower.

STYX will be at the Mogador in Paris May 22 at 8 p.m.; The Hague on May 23; Hamburg May 24; Berlin May 25; Munich May 26; Nuremberg May 29; Offenbach May 30; Mannheim May 31 and Zurich June 2.

May 21 is the 25th anniversary of the death of Django Reinhardt and Maurice Colla is producing the fifth Django Festival this Sunday in Sannois-sur-Seine (near Fontainebleau). The program will start at 10:30 a.m. with a ceremony at his grave, a mass at 11, then music from 2 p.m. on, with many musicians participating, including Kenny Clarke, Bill Coleman, Sugar Blue and several Gypsy groups.

AMSTERDAM—The Colla and his Rhythmic Trio will be at the Joseph Lam Club on May 19.

GENEVA—Cat Anderson will be featured in the "Tribute to Duke" program at the Popcorn Club May 25-27.

THUN, Switzerland—Vera Love is appearing nightly at the Dancing Oasis through the month of May.

This week's top single record in the United States is "With a Little Luck" by Wings, and in Britain, "Rivers of Babylon" by Boney M.

—FRANK VAN BRAKLE

At Annual Meeting

U.S. Publishers Wary of Takeovers

By Herbert Mitgang

WHITE SULPHUR SPRINGS, W. Va., May 18 (NYT)—The Association of American Publishers convened here for its annual meeting in deductive splendor with a kind, prearranged word from President Carter. "All who cherish learning and education owe a debt of gratitude to your industry," and with reason to crow about the prosperity of book publishing in the United States.

The figures released for this occasion reveal that publishing is still a growth industry. Book sales last year came to \$4.6 billion, an increase of 10 percent over 1976. The mass-market category—paperback books—racked up the biggest increase, 24 percent, and the estimates for 1978 indicate even more readers for everything from university press to mail-order books.

But there was one subject conspicuously absent from the agenda, although it was discussed behind the scenes—here, in New York, in Boston and in Washington. That is the role of conglomerates and corporate raids on venerable publishing houses, and what this portends to authors, editors and publishers.

The specific case in point is that of the Houghton Mifflin Company, whose president, Harold Miller, is the outgoing chairman of the association. He is being replaced by Winthrop Knowlton of Harper & Row.

In recent weeks, 10.2 percent of the outstanding shares of Houghton Mifflin, an unwilling bride in the affair, has been acquired by Western Pacific Industries, a conglomerate that owns the Western Pacific Railroad as well as a defense-manufacturing company.

Considered Remarks

Mr. Miller had considered opening his remarks by saying, "I suppose you expected me to appear before you wearing a railwayman's cap." But the issue of Western Pacific's possible acquisition is so

sensitive a point that the Boston publisher's lawyer talked him out of even good-humored banter.

"I would be reluctant to try to get the Houghton Mifflin case on the agenda," he said in an interview. "It would place us in an awkward position. Individual fights are left up to individual publishers in our association."

On a personal level, some publishers have told Mr. Miller that they hoped Houghton Mifflin could remain independent. However, no official statement will be issued by the association. Its board is dominated by publishers that are either owned by conglomerates or are conglomerates themselves.

Townsend Hoopes, president of the association, did mention the problem of publishing concentration in his annual report here but avoided referring to Houghton Mifflin. He said a recent statement by the association was factual and did not take a specific stand for or against mergers.

It was this statement that led to the resignation of Farrar, Straus & Giroux, an independent. Five other small publishers tilted toward the line of independence enunciated by

Roger Straus Jr., president of New York house, but did resign.

Treading Lightly

Mr. Hoopes treads lightly on subject of mergers and takeovers. He calls them "competitive adjustments in the industry."

In Washington last Friday, representatives of the Authors Guild appeared before the Senate Judiciary Committee's antitrust subcommittee, which began a pretrial hearing on concentration in several industries, at the invitation of chairman, Sen. Edward Kennedy. The guild maintains that mergers violate the antitrust law and the spirit of the First Amendment.

The publishers' group was represented before the subcommittee; further hearings are expected after the summer.

There is cooperation, bowe-between the authors' organization and the publishers' association. Hoopes pointed to a new book that the groups have jointly issued: setting up guidelines for libel photocopying under the copyright law that went into effect this year. It is being made available to libraries that have, thus far, avoided compliance with the copyright on photocopying, in the view of publishers and authors.

Other matters discussed here included censorship, challenges to new Tennessee obscenity law, national publishing and literacy, and international freedom to publish.

The 300 publishing executives gathered at the Greenbrier, a \$1 a-day minimum for a single room (lunch, mineral baths and room down extra), conducted panels designed to enlighten themselves about how to keep up their work in the marketplace and the good life. "And on the seven day," said the leader of a group publishers, heading for the links, "we rested."

Musical Leads

Tony Nominees

NEW YORK, May 18 (UPI)—The musical "On the Twentieth Century" leads the field with nine nominations for the Tony awards.

Other nominees announced for best musical were "Dancin'," with a total of seven nominations in the 19 different categories, "Ain't Misbehavin'" and "Runaways," with five each.

Nominated for best play of the 1977-78 season were Neil Simon's "Chapter Two" (four nominations), Hugh Leonard's "Da" (four), Ira Levin's "Deathtrap" (four) and D.L. Coburn's Pulitzer-Prize winner, "The Gin Game" (three).

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	WASHINGTON	DAILY		LOS ANGELES	DAILY
BAHRAIN	NEW YORK	MON		DETROIT	DAILY
BARCELONA	NEW YORK	2 DAILY	MALAGA	NEW YORK	DAILY
CAIRO	NEW YORK	DAILY	MILAN	NEW YORK	DAILY
	NEW YORK	DAILY		NEW YORK	DAILY
CASABLANCA	NEW YORK	DAILY		SAN FRANCISCO	DAILY
	LOS ANGELES	DAILY	NICE/MONTE-CARLO	NEW YORK	DAILY
CHICAGO	NEW YORK	DAILY	PARIS	NEW YORK	2 DAILY
FRANKFURT	NEWARK	DAILY		BOSTON	DAILY
	BOSTON	DAILY		WASHINGTON	DAILY
	PITTSBURGH	DAILY		CHICAGO	DAILY
	SAN FRANCISCO	DAILY		LOS ANGELES	DAILY
GENEVA	NEW YORK	DAILY	ROME	NEW YORK	2 DAILY
LISBON	NEW YORK	DAILY		BOSTON	DAILY
LONDON	NEW YORK	3 DAILY		WASHINGTON	DAILY
	NEWARK	DAILY		CHICAGO	DAILY
	BOSTON	DAILY		LOS ANGELES	DAILY
	PHILADELPHIA	DAILY	SANTA MARIA	BOSTON	DAILY
	MINNEAPOLIS	DAILY		NEW YORK	DAILY
	CHICAGO	DAILY	SHANNON	NEW YORK	DAILY
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				WASHINGTON	DAILY
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Incorporated in Jersey, Channel Islands

Interpretation in cases of structural change

Credit Suisse

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Banque Belge Ltd.

Commerzbank International S

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Lloyds Bank International Ltd
London & Continental Bank

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Flash... à la Bourse

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1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

Wollie 15

Shell Group Net Plunges In Quarter

FASB 8 Is Blamed
For Translation Loss

LONDON, May 18.—Compliance with new U.S. accounting standards produced paper losses that wiped out all but £6 million of Royal Dutch-Shell group's global net operating income in the first quarter.

Net income plunged to £6 million from £416 million a year earlier, but the company said that the earnings were "distorted to an extraordinary degree" by the translation of foreign currencies.

Net income before currency translation was £286 million, up from £241 million in the fourth quarter but down from £469 million in the first quarter of 1977 when results were inflated by a "substantial element" of oil stock appreciation.

"The business reality underlying the results... showed an improvement over the fourth quarter 1977. Viewed against the disappointing state of most of the world's economies, and with the continuing oil supply surplus and an excess of refinery and tanker capacity overhanging the market, this is welcome. However, reported earnings are distorted by the application of U.S. accounting standards on the translation of foreign currencies (FASB 8) which has resulted in a totally unrealistic net income figure," the company stated.

Shell Transport & Trading chairman Carmichael Pocock told the annual meeting that the results were "totally unrealistic, without any relationship to underlying realities."

Sales, after sales taxes and duties, fell 5 percent to £5.76 billion from £6.08 billion. The drop reflected a "more competitive environment," as well as the effects of sterling's appreciation from its early 1977 level, Shell noted.

For Shell Transport, earnings were 0.44 pence a share, against 28.38 pence. Royal Dutch earnings were equal to 0.13 guilders a share compared to 8.27 guilders a year earlier.

Net currency translation losses on stocks sold, and on monetary items amounted to £280 million in the quarter compared with £53 million in the year-earlier period.

"The distortion in the reported results in no way affects the group's cash generation," Mr. Pocock said.

"The imposition of FASB (Financial Accounting Standards Board rule 8, the U.S. accounting rule for currency translation) constitutes a major obstacle to the understanding of the business and it is wholly inappropriate to an international group such as Royal Dutch-Shell."

FASB-8 was adopted by the company to conform with U.S. stock listing requirements.

Mr. Pocock said the group has no prospect of the annual cash flow from its North Sea investments turning positive until 1980. These investments will total nearly £1 billion by the end of this year while total group spending is expected to exceed last year's £2.2 billion.

Bundesbank to Cut Banking Reserves

RANKFURT, May 18 (AP-DJ)—The Bundesbank announced today it will cut minimum reserve requirements on domestic and foreign liabilities 7 percent effective June 1, freeing 4.5 billion Deutsche marks to flow into the banking sector.

To further combat a feared liquidity squeeze, it will also remove a special 80-percent reserve requirement on growth of foreign liabilities imposed in December. The across-the-board cut will take place immediately after the reduction in reserve rates on foreign liabilities to the level now applied to domestic liabilities.

At a press conference later, bank president Oskar Emminger said the measures were taken in reaction to a "complete turnaround" on the foreign-exchange market, which has led to heavy outflows of capital and a squeeze on bank liquidity. Nevertheless, he commented that the dollar's recent recovery may have been exaggerated, noting that the fundamental problems remain to be resolved.

Net foreign reserve assets of the Bundesbank declined 4.2 billion DM from the beginning of April to May 17, with a 2.5 billion-DM decline in May alone, he said. Most of this was attributed to conversion of the proceeds from DM-denominated Eurobonds into other currencies. He added that foreign-exchange inflows of 9.6 billion DM in December-May have been "more or less neutralized" by open-market operations of the central bank and federal borrowing.

The planned 7-percent cut restores the status quo existing before Dec. 15 for both foreign and domestic liabilities. The reduction in minimum reserve requirements was smaller than the 10 percent predicted by many observers.

The Banking Federation greeted the central bank's decision with enthusiasm, taking it as an indication that capital market rates will remain low. That impression was reinforced by Mr. Emminger who commented that he sees no reason to expect a turnaround in interest rates this year. The Savings Bank Federation was less enthusiastic, warning that freeing 4.5 billion DM to flow into the banking system is likely to endanger the goal of an 8 percent growth in the money supply for 1978.

Swiss Central Bank to Lift Investment Curbs in '78

ZURICH, May 18 (AP-DJ)—Curbs on Swiss franc investment by foreigners would be lifted in 1978, Swiss National Bank president Fritz Leutwiler said today, provided that the dollar remain stable and perhaps even show further strength.

He ruled out a peaceful lifting of the ban saying it must be lifted all at once and added that the central bank must further reduce the liquidity in the system before it proposes an end to the ban.

He said the bank was not going to reduce liquidity hurriedly for fear of jolting the market and raising interest rates. Mr. Leutwiler said the growth of money supply as measured by M-1 had accelerated sharply, far in excess of the 5-percent target rate for the whole year.

M-1 in March grew 16.7 percent from a year earlier and compared with 10 percent in February, 7.3 percent in January and 4.1 percent in December.

In contrast to recent net dollar sales, the bank bought 460 million Swiss francs of dollars on a net basis in the first quarter of this year. Gross interventions, which included dollar purchases subsequently used for capital exports, totaled 4.35 billion francs. From the beginning of April until May 17, 1.76 billion francs of dollars were sold. Of this total, 760 million francs were in straight dollar sales, and 995 million were for the export of capital.

Mr. Leutwiler disclosed that in the first four months this year capital exports totaled 7.4 billion francs, up from 6.5 billion in the like 1977 period and up from 6.9 billion in the 1976 period.

The bank estimates that Swiss franc demand arising from the re-

payment needs of foreign borrowers who have tapped the Swiss capital market will total 4.8 billion francs this year rising to 5.3 billion in 1979 and peaking at 8.1 billion in 1980. It is expected to reach 6.6 billion the next year, 5.2 billion the following year, 7.6 billion in 1983 and 3.8 billion in 1984. In 1985 it is expected to total 5.2 billion francs and in 1986 it should be 6.5 billion.

By quantifying recent import damage to the industry, the study could help steelmakers build a case for raising prices beyond the limits set by the administration's anti-inflation "deceleration" program.

A draft of the study, to be released sometime next month, makes the following points:

• Japanese and European producers have been able to sell cheap steel here, at prices below full costs of production and transportation, because they have engaged in "price discrimination," which bled prices firm in their home markets.

• Because of discounting pressure from cheap imports, the average realized price of all domestic carbon steel shipments in 1976 declined by \$9.18 a ton from the preceding year, as measured in constant dollars, based on Commerce Department data. The study argues that domestic steelmakers could have realized additional revenues of \$15.39 a ton last year if they had not been forced to counter foreign discounts.

• Last year's boost in steel imports to 19.3 million tons from 14.3 million in 1976 represented about 30,000 domestic steel jobs, or about

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EEC Rules Said to Forbid 'Crisis Cartel'

BRUSSELS, May 18 (AP-DJ)—Officials of the Common Market Commission's anti-trust division are drafting proposals for new regulations concerning the formation of so-called crisis cartels in the EEC, Competition Commissioner Raymond Vloeberghs said today.

They are being drafted because current regulations do not authorize the Commission to approve such cartel arrangements, he said at a press conference coinciding with the Commission's presentation of its annual report on competition in the Common Market.

The proposal are seen as possibly delaying approval of a planned crisis cartel planned by EEC synthetic-fibers manufacturers and possibly widening the scope of those included in it. Britain's Imperial Chemical Industries (ICI) disclosed May 2 that the industry plans a 3-year production cartel aimed at balancing supply and demand and eliminating losses in the severely depressed industry.

He insisted that proposals now being drafted were not linked with any cartel case before the anti-trust authorities. The general opinion of his department is, however, that crisis cartels are not permissible under existing rules of the EEC treaty, Mr. Vloeberghs said.

Proposals for changes in the regulations would have to be submitted to the nine members for approval.

But broadly speaking, Mr. Vloeberghs said, any crisis cartel based on a private understanding should include all producers in the EEC. The plans disclosed by ICI spoke only of EEC fiber makers, excluding subsidiaries of U.S. companies. A cartel could only be considered if it was not exposed to too fierce external competition, he added.

Unfair Practices

In its report on competition, the EEC Commission affirmed its determination to use its anti-trust authority within the Community against companies which try to abuse a dominant market position

by directly, or indirectly, imposing discriminatory or unfair prices.

The Commission also stressed the need for close surveillance of operations aimed at "organizing" a particular sector of industry which needs restructuring, or streamlining, measures to overcome slowed economic growth and increased foreign competition.

The Commission's does not wish to be a price-control organization, the report said, adding that price variations are an essential part of the competitive process. But the report said the Commission will attack practices which become illegal when carried out from a dominant market position and are harmful to consumers.

The report dealt extensively with the problems created for EEC anti-trust authority when it comes to restructuring and streamlining industry, noting that Europe is in a difficult transition period as structural weaknesses surface due to a reduction in demand accompanied by increased pressure from exports.

While the commission must promote structural changes within a socially acceptable framework, the report said that "the illusion must be resisted that enterprises can protect themselves against those necessary changes by coming to terms with their competitors or by seeking excessive protection from national authorities." The EEC recently has been negotiating import quotas on steel and textiles.

The report warned the EEC members that state intervention in particular markets essentially should be governed by rules and procedures which "correspond best with the common interest" under the rules of competition as outlined in the Treaty of Rome, the EEC's foundation. The report made clear that temporary restrictions on competition in one sector should only serve the EEC as a whole but could not indefinitely support poorly adapted structure in a sector.

Whatever means are chosen to restructure a sector, the report stressed, "one should bear in mind

needed to equal the industry's average return on equity from 1971 through 1975. He said the deficiency amounted to about \$26 per ton, or about 7 percent of the estimated current average selling price of \$360 a ton.

Because the Japanese have been able to cover their marginal costs of production for tonnage shipped at low prices to the United States, their dual-pricing "strategy" makes "good economic sense" and has allowed the Japanese to earn at least \$100 million more profit than if they had not made the sales.

If the recent pricing practices of foreign producers continue, they "will prevent sufficient new capacity from being built to meet the future steel requirements of the U.S. economy."

John Merrill Jr., principal author of the study, said the damage estimate from imports in 1976 and 1977 was based on the extent to which actual domestic prices were below those that would have been

KANSAS CITY, May 18 (AP-DJ)—Soviet grain imports are expected to increase, an Agriculture Department official said today. He said that a decision by Moscow in the early 1970's to import grain when crops are short so that livestock production can be maintained "is likely to continue and affect the actual level of U.S. exports in coming years."

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U.S. Growth Revised Slightly; Profits Fall

WASHINGTON, May 18 (UPI)—U.S. economic output declined 0.4 percent during the first quarter, a slight improvement from provisional figures released a month ago, but still the worse performance since the end of the recession in 1975, the government said today.

The decline in the gross national product, the total output of the nation's goods and services adjusted for inflation, was revised upward from the original 0.6-percent decline reported.

The department also reported after-tax corporate profits of U.S. business fell 2 percent or \$2.1 billion during 1977's first quarter to an annual rate of \$102.9 billion following a revised \$14.4-billion rise in the fourth quarter last year. The department said \$43.8 billion of first-quarter profits went for dividends compared with \$43.6 billion the previous quarter.

The decline in both GNP and corporate profits was attributed to

the effects of bad winter weather and the 110-day coal strike, the department said. "The coal strike a severe weather reduced the first quarter change in real GNP by 0.3 percentage points from what otherwise would have been," a department statement said.

All figures are seasonally adjusted and on an annual-rate basis. Real final sales, which include consumer spending, construction exports, and government purchases, was revised downward a decline of 1.9 percent from the 1 percent drop reported earlier a accounted for most of the drop the overall GNP, the department said.

The revisions left the value-GNP expressed in current dollars at an annual rate of \$199 trillion, \$500 million higher than originally reported.

Despite the gloomy first quarter, the 1.9 percent drop reported earlier a accounted for most of the drop the overall GNP, the department said.

Aide Pessimists

On Outlook for U.S. Inflation

WASHINGTON, May 18 (Reuters)—President Carter's special counselor on inflation, Robert Strauss said today he sees no reason to expect any improvement in inflation soon.

He said the success of the administration's anti-inflation program should not be measured until the end of the year. Speaking of "inflation figures due out next month," he said "I don't know any reason to think they're going to be any better. They may be a bit worse."

He added "We're not going to solve the problem of inflation, but I'd like to peak it by the end of the year." He said the crucial test of the administration's efforts will be whether the inflation rate was slowed by year-end.

General Signal was the most active issue and slipped 3/4 to 28 1/2. Active K-Mart fell 1/4 to 25 1/2 after announcing the expected lower first-quarter earnings. J.C. Penney, also active, dropped 1/4 to 37 1/2.

Xerox dropped 1/4 to 52 1/2 in heavy trading even though the company forecast strong 1978 operations and announced plans for a modest price increase on its copier duplicator products.

Exxon eased 3/4 to 47 1/2 and said it expects 1978 to be a "fairly good year."

In Chicago, wheat closed mixed, corn higher, oats fractionally lower and soybeans irregularly higher on the Board of Trade.

Wheat was up 4 1/2 cents to off 1/2; corn up 1 1/4 to 1 3/4; oats off 1/4 to unchanged; and soybeans up 1 1/4 to unchanged.

Company Reports

Revenue, Profits in Millions of Dollars

Campbell Soup			
1st Qtr	1977	1978	1979
Revenue	490.00	444.90	495.14
Profits	30.07	27.39	12.27
Per Share	0.92	0.84	2.55
9 months	1977	1978	1979
Revenue	1,450	1,370	1,527
Profits	91.33	82.26	19.10
Per Share	2.79	2.54	3.97
Carnation			
1st Qtr	1977	1978	1979
Revenue	621.70	570.10	313.50
Profits	30.37	28.38	11.79
Per Share	0.81	0.75	8.60
Dayton Hudson			
1st Qtr	1977	1978	1979
Revenue	491.70	427.10	474.70
Profits	9.66	8.11	6.66
Per Share	0.60	0.50	0.30
Equitable Life			
Qtr Apr. 30	1977	1978	1979
Revenue	2.60	3.30	1.50
Profits	0.46	0.59	1.150
Per Share	0.46	0.59	1.150
General Public Utilities			
4 months	1977	1978	1979
Revenue	454.20	414.80	494.45
Profits	48.95	49.45	0.89
Per Share	0.82	0.89	1.13
Hewlett Packard			
2nd Qtr	1977	1978	1979
Revenue	415.20	341.60	639.90
Profits	35.70	32.10	58.20
Per Share	1.23	1.13	2.06
Iowa Beef Processors			
13 weeks Apr. 30	1977	1978	1979
Revenue	689.35	495.14	8.59
Profits	12.27	2.55	1.82
Per Share	2.55	1.82	3.05
Marmon Group			
1st Qtr	1977	1978	1979
Revenue	277.40	313.50	474.70
Profits	11.79	8.60	6.66
Per Share	0.30	0.33	0.46
May Department Stores			
1st Qtr	1977	1978	1979
Revenue	508.30	474.70	474.70
Profits	6.66	6.66	6.66
Per Share	0.30	0.33	0.46
Pennsylvania (P.W.)			
13 weeks Apr. 29	1977	1978	1979
Revenue	2,175	1,862	30.00
Profits	34.00	30.00	0.52
Per Share	0.52	0.46	0.21
French Production			
Up 2.4% in March	1977	1978	1979
Revenue	1,290	1,120	1,120
Profits	142.28	135.01	2.42
Per Share	2.42	2.45	2.06

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Pan Am's People

1. The first part of the document is a list of names and titles, including "The Hon. Mr. Justice" and "The Hon. Mr. Justice".

By Russell Baker



Baker
s of cowboy mov-
himself to the gal-
who provides last-
delight the audi-
ful metaphor for
Carter's recent
steem.

I suspect, than Carter is the victim of people and reporters who are going on him out of a peevish character. He has been extremely sympathetic editorial administration on a theme which is "Let's Not Be Proud."

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been going on

The decline of the President's popularity probably tells us as much about the naivete of the public view of government as about the President's inability to satisfy the naive public expectations he helped create. It is interesting that his loudest critics still say he is "a decent man," as though the white hat may yet prevail.

By Graham Hovey

Bunker has stared down or won over an astonishing array of

He had earlier made the point that because of alleged abuses of presidential power in the Water-gate scandal and in Vietnam, the balance among the branches of government had shifted away from the executive and toward Congress.

Ellsworth Bunker

Nixon's Request

We were pretty much start from scratch," he said. Three

Asked if ratification of the Panama treaties marked the high point of his public career, Bunker replied: "Well, I think in a way it is, yes. It was the most difficult and complex negotiation, yes."

Judith Crist said that she had resigned as chief film critic of *The*

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1. The first step in the process is to identify the problem or issue that needs to be addressed. This involves gathering information and understanding the context of the problem.

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